Seminar On

The World Financial Crisis and Its Impact on NAM Countries South-South Cooperation

Cairo 18-19/5/2009

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Intorduction

The financial markets crisis, which erupted in august 2007, continued to develop till it became the biggest financial shock since the great recession; affecting the markets, and the financial institutions even badly. In a short period of time, we witnessed the collapse of entire edifice of financial institutions, and demobilization of enormous number of workers; a cruel crisis that attacked the banking sector; and the return of the state intervention to overcome this momentous event.

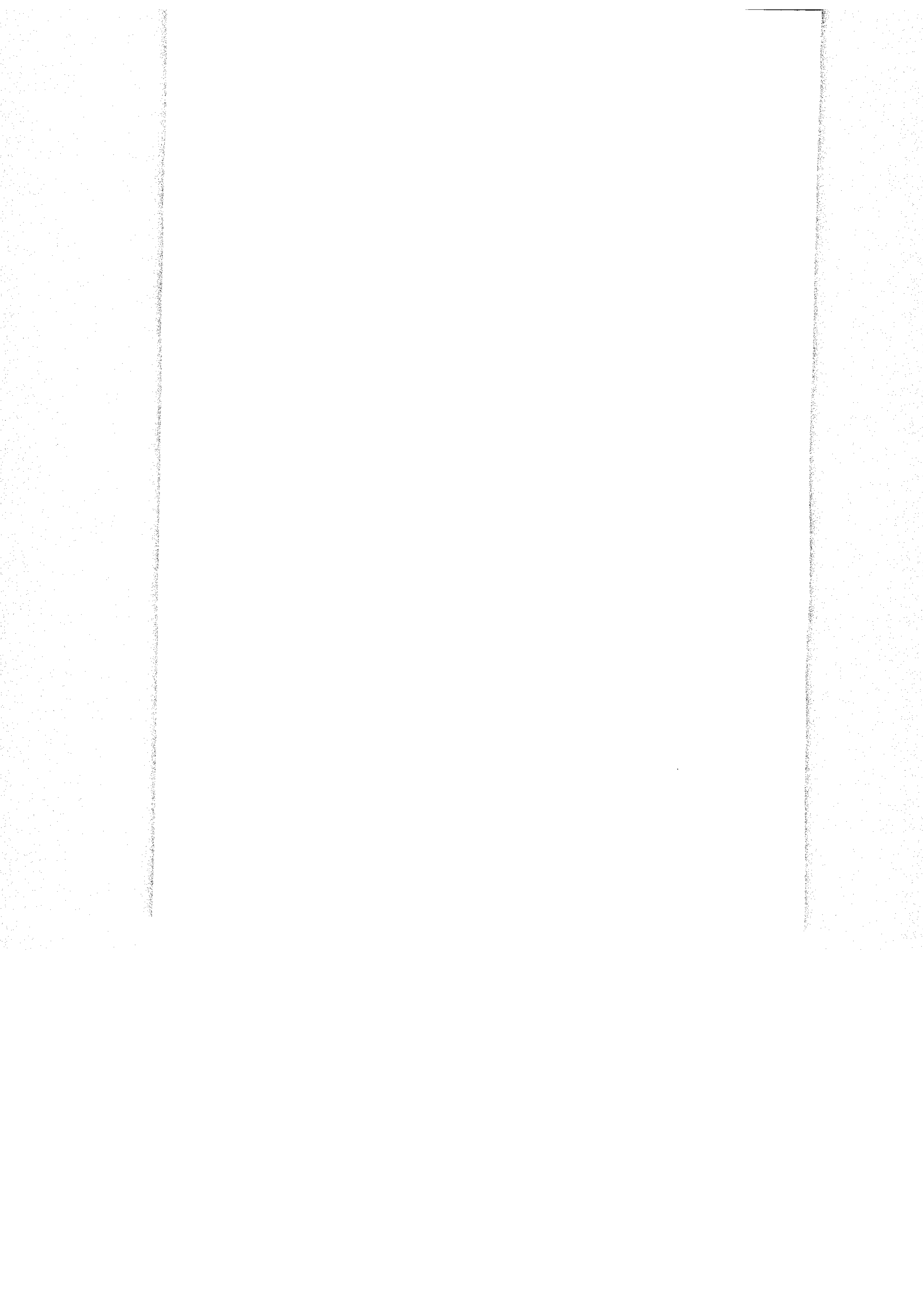
As a prelude to the 15th summit conference of the Non-Aligned Movement (NAM) in Sharm El Shiekh, on Wednesday and Thursday the 15th-16th of July 2009, AAPSO held an international symposium conceming "The Global Financial Crisis And Its Impact On The Non Aligned States, South-South cooperation" , on 18th- 19th May 2009, in Cairo.

The symposium discussed the impacts of the financial crisis on the economic and social development in the non- aligned states; and also how to face and manage the challenges of this crisis in the non- aligned states, specially since the international system is now witnessing the emergence of some economic poles from the Southern states; thus giving the Non- Aligned Movement the influence and facilities to play an important role among the different economic entities. Also, the symposium was to discuss the South- South co-operation and its role in strengthening the Non- Aligned Movement.

On the second day, the organization convened a round table with the different solidarity committees that had participated in the symposium to explore new horizons to develop the solidarity movement within the new international situation.

A host of well-known intellectuals from different fields and disciplines participated in this symposium, as also representatives from various Arab and Asian solidarity committees and African states in addition to the representatives of the embassies of the member states of the Non- Aligned Movement in Cairo.

This book is an attempt from AAPSO to share in forming an alternative international humanitarian economic system that can achieve much more of economic justice for the peoples of the world; it also facilitates access to the practical application of economic and social human rights; new international economic system that supports equality, justice, independence, integration, common interest and cooperation between states regardless to respective social, political and economic systems. AAPSO also hopes that the new international economic system will lead to decrease the inequality between states and help in filling the increasing gap between the industrial states and the developing ones, as also to guarantee peace, justice, economic and social development for next generations.



Opening Session

Chairperson: Mr. Ahmed Hamrouch

Opening Session

Welcome speech of Mr. Ahmed Hamrouch
President of Afro-Asian
Peoples' Solidarity Organization (AAPSO)

Your Excellencies,

Ladies and Gentlemen,

Colleagues and Friends,

It is my pleasure to have this Seminar held by the Afro-Asian Solidarity Organization(AAPSO) prior to the Non-Aligned Movement Summit to be hosted by Egypt next July in Sharm El-Shiekh. Hopefully the papers to be discussed during here, and debates thereupon, would bring about important documents to be presented to the 15th Non-Aligned Movement Summit Conference.

AAPSO since its establishment, and all through the history of NAM, has been actively taking part in the Movement summits and ministerial conferences as an observer. It is noteworthy that NAM was established in Belgrade in 1961 at a conference attended by 25 countries that has finally increased to be more than 118 member countries.

The initiative to establish the Movement was presented in Bandung in 1955. The initiative came while the conflict between the US and the Soviet Union was at the peak. Bandung principles were first declared at that conference to be endorsed soon afterwards as the ultimate goals of the Movement. Those targets included right to self-determination, national independence, States' safety and surveillance, opposition to racial discrimination, and non-belonging to multi-party military alliances. They also held the NAM countries as not supporting blocks or conflicting superpowers. Besides, NAM targets included the struggle against all aspects of occupation, struggle against neo-occupation, racism, and foreign dominance. Included also were disarmament, non-interference in the states' internal affairs, co-existence of states, rejection of the use of power or threats to use it, bolstering the UN, resorting to democratic aspects in international relations, economic and social development, restructuring the world economic order, and above all the international co-operation on the basis of equal footing. The NAM is considered the biggest liberation movement in our contemporary history.

The seminar focuses on two main important issues, namely:

1 – The world financial crisis and its impact onto the Non-aligned countries.

2 – South-South cooperation and its role in bolstering the NAM.

The world has been undergoing a great financial crunch which has had a deep harmful impact on the world markets and institutions. This present an opportunity to foster a new form of co-ordination, between the developing and developed countries, vis a vis the worst crunch in decades. The newly-developed approach has come up due to the notion that development of the developing countries would be win-win for all. Moreover, it would expand horizons of co-operation and partnership, not to mention stream-lining of the world economic order. That is why, in this seminar, we give much time to analyzing the reasons behind the phenomenon.

As for the second axis, regarding South-South cooperation to enhance the NAM, this seems to be inevitable. There are different aspects of co-operation between countries of NAM. There also appeared some regional blockings that could defend interests of countries.

We take cognizance of the importance of South-South cooperation as an effective tool to bolster capabilities and exchange expertise in related fields. It is also important in order to develop a futuristic vision that could serve common interests of our countries.

I hope, the Summit would pave the way for agreement on having a strategic partnership based on common values of freedom, democracy, and solidarity.

The south-South cooperation has turned out to be a necessity in the world of fast-paced globalization. Globalization has, actually, paved the way for some new opportunity as also many challenges. Hence, we should unitedly employ our resources to take the maximum advantage of the current global realities and on the other hand to its perils.

We must pay more attention to South-South cooperation under the new world order so as to have the NAM capabilities underscored and realize the Movement's principles and goals.

I conclude my speech calling upon in the name of Afro-Arab Peoples Solidarity Organization (AAPSO), all parties to stick to unity to attain world peace and security. We pledge to provide all effort and help the chairmanship of the Summit Conference.

Speech of Ahmed Abul-Gheit
Foreign Minister of Egypt

Mr. Ahmed Hamrouch, President of AAPSO,

Mr Nouri Abdul-Razeq Hussein, Secetary General of AAPSO,

Ladies and Gentlemen,

Egypt is due to host the 15th Summit of the Non-Aligned Movement on July 15-16, 2009. The event coincides with the 50th anniversary of the Movement that was established in 1961. That era witnessed great transformations on the political and economic fora. However we would be mistaken in believing that changes have come to an end after the collapse of the Soviet Union. Actually, we are now so quickly and unexpectedly, undergoing another era of change in the main principles of the capitalist system. The developing world lies there in-between the two eras.

At the outset, the Non-Aligned Movement was mainly focused in establishing political solidarity among the peoples of the Movement in order to dismantle occupation and achieve independence. Then came the era of trials to attain certain achievements for the Movement on the international arena. The G-77 came into being to be the economic arm of AAPSO. Following the International Conference on Technical Cooperation between the Developing Countries was held in Argentina in 1978. Then came the era of the South summits which adopted Havana Action Plans to be followed by Doha. We should not forget the development enhanced by Arab and Islamic Funds.

Egypt was among the leading countries in the developing world, to recognize the importance of the South-South peoples solidarity and co-operation. That was the reason behind establishing the Fund of Technical Co-operation with former USSR independent republics to provide aid and expertise as well as training cadres in different fields of development. Egypt has also had its universities and colleges opened to different categories of students from the developing world. The next step was to bolster South-South co-operation. So came the Common Market for Eastern and Southern Africa (COMESA), Aghadir Zone, and Arab Free Trade Zone - all of which were aimed to increase trade exchange, as well as to guarantee freedom of movement for commodities, individuals, and capitals.

Here, I must draw attention to the South-South international gathering to be held during the current month on 22-24, under the auspices of the UN, as an integrated part of cooperation between the South and the North. The meeting is to discuss how to activate the role played by the UN and its specialized agencies and how to bolster horizons of that cooperation. We wish the meeting all success and we hope it would

achieve its goal.

Despite the remarkable progress that has been achieved in co-operation among the South countries, shortage of fund is still the main obstacle toward expansion of that co-operation to achieve its goals. Foremost among those goals is to eliminate setting conditions before granting aid. Here we should discuss the reasons behind the drying up of inflow of funding between the developing countries, though we see some outflow of funding from the developing counties the developed world.

Ladies and Gentlemen,

As we talk about the repercussions of the world financial crunch on the developing countries, we believe that the South-South co-operation would undoubtedly be able to re-draw the international co-operation map in the coming days. Over the past few years, the world has witnessed some unprecedented changes. New economies of some developing countries have achieved remarkable rate of growth with some even surpassing those in the developed countries. Such changes have had an impact on the world order and its structures.

However, the repercussions of the world economic crisis would also influence the developing countries' ability with regard to achieving the millennium development goals (MDG), the efforts to eliminate poverty through rationalization of their limited resources, and to face the out consequences of the crisis. That would also mean lesser funding of basic services such as education, healthcare and others in addition to expected reduction of foreign aid.

The Non-Aligned countries, hence, are required to stick to solidarity

* Solidarity to provide easy long-term investments to help provide the developing countries with their needs and bolster their budgets, as well as creating suitable aura to attract investments.

* Solidarity to have one unified stance for negotiating in order to finalize Doha trade negotiations while attaining best gains for the developing countries so as to push forward the development wheel. Hence, we must have a wide view of the interests. We must recognize that stability, for any party, could only be achieved through development in neighbor countries.

* Solidarity to reject conditioning or pre-direction of spending aid to bolster budgets in receiving counties.

* Solidarity in order to reach a new international agreement in the field of environment after Kyoto Protocol comes to an end in 2012, so as to preserve the rights of the coming generations and bolster the developing countries' chance to make use of modern technology in environment issues as a basis of future economy.

What is really needed is to have a serious political will. We need to have "international solidarity to attain peace and development", the slogan of the 15th Summit of the Non-Aligned Movement.

I conclude my speech by hailing the great effort endeavoured by AAPSO,

particularly for having the initiative to hold this seminar.

With my best wishes.

Note: This speech was read out by Ambassador Khalid El-Baqli of Egyptian Foreign Ministry, on behalf of the minister who could not atted the seminar due to prior engaquments. (Editor)

Speech of Nouri Abdul Razzak Hussain
Secretary - General
Afro-Asian Peoples' Solidarity Organization (AAPSO)

The 15th Summit of the Non-Aligned Movement will be held in Sharm El. Sheikh, in Egypt in July 2009. This is the second time Egypt is hosting the NAM Summit.

The coming Summit of the NAM Countries is of great importance for three main factors. The first factor is the historical experience of this movement. Secondly its importance was reflected in the international politics since the mid of the twentieth century by the creation of centre of axis in the international politics, after the end of world war II and in the cold war between the two blocs. The third factor is the importance of the international action of the Non-aligned movement stems from the attempt to regain its role in the new conditions by creating a new alliance in the international politics where the United states of America became the only super power at the helm of leadership and influence the world.

The end of the first decade of the 21st Century has seen tremendous changes in the world, both political and economic. The conservative leadership of the United States left the scene after creating enormous damage. The greed of the super rich brought about the crash of banking system in the US which had its impact in the whole world. Unemployment increased in the US to over 8 percent. It became more in Europe. Germany, the strongest European economy plumetted with *huge* unemployment. So also Japan and other countries.

In electing for the first time, an African-American as the President of the US, it has provided enormous hope for the whole world and posible change of its foreign policy. The world economic powerhouse has shifted to Asia-Pacific Region, China with a commanding height followed by India. The anti-war movement is becoming stronger and civil society is warming up to influence the peoples' movement.

Our organization as the peoples' movement in the Non-Aligned Movement continues to discuss its positive and negative areas in order to provide input for NAM for the welfare, upliftments of the people and for a just society. At the 8th Congress of AAPSO held in Hyderabad, India in December 2008, the final communiqué highlighted (interalia) as follows:

"The Congress notes the unprecedented magnitude of the global financial crisis triggered by the bursting of the real estate bubble in the US economy and the subsequent economic recession. The Congress while welcoming the possible roll back of the Wall Street model of neo-liberal globalization and weakening of the hegemony of international finance capital, also expresses its deep concern over the adverse impact of the global economic crisis on the working people across the world. The Congress however, recognizes that unless there is a strong and united movement of the people in the developing countries together with the progressive forces in the developed world, the burden of this crisis will be imposed disproportionately on the poor, vulnerable and disadvantaged sections of the people."

AAPSO's observer Status within the NAM has provided an opportunity to follow the activities in close proximity. AAPSO representatives have been always attending the NAM Summits and Ministerial Meetings. In these meetings, our statements make critical analyses from the peoples' point of view. In brief we remain the watchdog of the NAM.

The last NAM Ministerial meeting held in July 2008 in Teheran was more or less a preparatory forum for the 15th NAM Summit to be held in Egypt. It "reaffirmed their commitments to fully implement the Havana programme of Action. The Marrakech plan of Implementation of the Millennium Development Goals as stipulated by U.N as a need for South - South Cooperation and the Doha Plan of Action demnanding elimination of agricultural subsides of Europe taken together represents a comprehensive framework for intensified cooperation among developing countries". This process actually was the continuation of the decision taken at the 13th NAM Summit in Kuala Lumpur under the slogan of re-vitalization of the NAM movement.

Non-aligned movement remains numerically the biggest force in the UN General Assembly. Unlike any other movement it is not based on any dogma. The only ideology is "peace" and resolving all issues through peaceful dialogue, and consensus. Therefore it recognizes the plurality of opinion and diversity of cultures where no body is superior or inferior. The founding ten principles of the movement still remain valid and there is no half way between "war and peace".

The NAM movement has scored many victories. Despite its stagnation for sometime owing to volatile international situation, its contribution cannot be under estimated. For example the "Optional Protocol to the International Covenant on Economic Social and Cultural Rights (ICESC)" was adopted in December 2008 in the United Nations is a victory for the movement. As a long-standing demand of civil society, and finally with its acceptance it enhances the international human rights protection further strengthening the proclamation of the Universal Declaration of Human Rights adopted in 1948.

When speaking of human rights and freedom of the people, there are still double standards in the implementation of the Human Rights principles.

The NAM countries were vehement in pushing to include a comprehensive covenant to include all aspects of human rights. In accepting this optional protocol in December 2008 by the UN which benefit humankind had become wider for example this enables even an individual to move the courts against the employers including transnational corporations, regarding job security.

In the present juncture, after the collapse of the Wall Street and financial meltdown affecting the whole world, the institution of G-20 was a step, rather than the monopoly of G. 7. Nevertheless the setting up of commission of Experts by the General Assembly was a big success for the movement. This Commission was established on the initiative of Assembly President Father Miguel D'Escoto Brockman of Nigaragua with Prof. Joseph Stiglitz as the Chairman. Prof. Stiglitz expresses more concern for the developing countries in this turmoil, pointing out "need for inclusive representative

institutions with political legitimacy reflecting the world".

Although the issue of sustainable development had been discussed in all the fora internationally under UN, the developed countries were lagging behind in their responsibility to implement, to cut greenhouse gass emission in stages further affecting the climate change.

It is the NAM Countries which will be directly affected by the climate Change since it has a bearing on agriculture and food production. In this area NAM Countries need to put pressure on developed countries in implementing the Kyoto Protocol and other resolutions relating to cutting the emission. To strengthen the position of the NAM the peoples movement such as AAPSO need to play together with other civil society actors more active role.

Unfortunately, there is a tendency for a stronger bureaucracy among the NAM governments which does not reflect the aspirations of the people. At the 11th Summit is Carthegena, Columbia, a resolution limiting the civil society participation only to the plenary of NAM meetings closed the door for positive discussion in specialised committees for which civil society contribution would only strengthen the morale. AAPSO once again request the NAM governments to change this decision so that more civil society movement could participate to enrich discussion in a positive direction.

The 15th Summit of the NAM Countries will be held amid the global repercussion which put the movement and its countries in front of current and future challenges. These challenges can be summed up in the building of an external independent policy at the global level and to restore the balance to the international politics. The internal challenges are to build joint cooperation relations between its countries to ensure achieving common interests within the frame work of international Cooperation and Peace away from the policy of war and hatred run by Washington and its allies. The movement should seek to create an alternative economic system, especially the international system is witnessing the emergence of new economic poles of the countries of the South giving the power and the possibility to NAM movement to play an important role between the multiple economic entities. However the attempt of NAM Countries to restore its presence and its role in the world should be accompanied by politics relating to the reform of its countries political and economic status and achieving break through to create an internal political environment in time with the international environment represented by the movement.

The 15th Summit is taking place under the dark cloud of a great financial crisis which has affected the whole world. This global crisis require global remedies. There is a greater responsibility for NAM Countries since the people of these countries which form the majority of the world will be mostly affected. The civil society need to forge stronger unity to face this crises to extricate the millions who will be adversely affected.

The purpose of this seminar is to discuss all these issues, so that AAPSO as a civil society movement will be able to submit to the NAM Bureau.

First Session

The Implications of the Financial Crisis on Economic and Social Development in Non-Aligned Countries

Chairperson: Dr. Hassan Maki

First Session

Dr. Sultan Abou Ali*

Global Funding Crisis and its Impact on the Development in the South

I- Introduction

The global economy is currently going through a crushing funding crisis which started in the USA, emerged in Europe and then spread worldwide due to bearing of the factors of globalization like communication revolution and economic liberalisation. The collapse of companies and bankruptcy of banks the recession and depression that some countries suffer at present, only constitute the tip of the "iceberg", whereas the largest part is still submerged. If this is the case, then the bail-out programs developed by most countries may not be adequate to treat this crisis. If this is true, the global economic conditions are expected to worsen to a degree that far exceeds the Great Depression (1929-1932). What the whole world learned over the past years as regards crisis management may mitigate the potential deepening of the crisis. However, Economics has not yet managed to predict any forthcoming crises; the different models have failed in this respect. This is not restricted to Economics; there is the anecdote of the patient who had a cardiogram; the cardiologist told him that he was in good shape. However, no sooner had the patient stepped out of the clinic than he had an acute heart attack.

The developing countries have drastically suffered as a result, being exposed to numerous economic and social problems. The crisis highlights the importance of reviving the South-South co-operation to surmount the crisis and enhance the development of all these countries.

Following are the underlying reasons of the crisis; the impact on the developing countries; and finally suggestions for the revival of South-South co-operation in order to surmount the crisis and realize sustainable development.

II- The Underlying Reasons:

The global funding crisis was a nascent one; it is deep-rooted in the economic behaviors, the institutions established in the past three decades, and the inadequacy and irrelevance of the procedures the USA adopted for the remedy of the symptoms of the crisis, namely bankruptcy of banks, mortgage crisis and other symptoms. The key reasons are as follows:

* Professor of Economy - Zagazig University

1- Society based no conspicous Consumption:

The US society had, for decades, relied on growing consumption (Tawney, 1984). The household sector lives on credit; it consumes monthly double and triple what the household's current income can afford. It is acceptable to reap the fruit of development; to improve the consumption pattern quantitatively and qualitatively. However, this has to be compatible with the individual income, in a manner that causes no harm to the society at large; one that ensures equality between the present and future generations in terms of the available resources. The US consumption pattern was detrimental to the global and US economy, not only with regard to the current finance crisis, but also the reason behind the environmental pollution, the escalating harmful emissions, high temperature because of global warming and " greenhouse" effect, and other ever-harmful effects (Perman et al., 2003). This may worsen in the future should the consumption patterns remain unchanged, and should no radical procedures are taken to stop the ongoing devastation of the environment.

2- Growth of finance assets:

The invention of money was a creative human action; it ended the barter-related problems; facilitated transactions; and contributed to production increase through provision of the liquidity required for the utilization of the in-kind resources. As a result, the modern economy had two aspects: in-kind and cash. Based on the double entry theory, both aspects have to be equal as they are two sides of the same coin. Should the cash (or financial) aspect substantially exceeds the in-kind aspect or vice versa, crises shall emerge one way or another. Within the same state, if the funding assets and methods of payment are incompatible with the available goods and services (the in-kind aspect), this shall give rise to inflation and price increase. Contrarily, if the methods of payment are inadequate for trading in goods, this shall lead to recession, a decline in the economic activity; and may potentially result in unemployment and further poverty.

Currently, the funding assets have inflated and trading in these assets has mushroomed, turning into a main reason for the global funding crises. If the situation persists, it is quite normal that the crisis becomes recurrent.

3- Securitization:

Securitization was the instrument that led to a substantial increase in the funding assets. The term means the transformation of non-liquid funding assets to marketable capital market instruments, i.e. issuance of securities guaranteed by other securities and not in-kind assets; then issuance of securities based on the abovementioned (Mishkin, 1992). Should a bank extend an individual or corporate loan to be repaid within seven years through equal yearly installments, instead of the bank waiting till the maturity of these installments, same shall pool in a portfolio and issue yield-generating securities. The principal and interest of these securities shall be paid from the premium receipts. Another agency (Securitization Company) may issue securities based on the acquired securities the agency holds, essentially

securitized ones. Accordingly, these securities shall rest on papers. Should any of these parties stop paying, the whole chain shall break. This is similar to the "domino effect".

In the field of international securitization, there was no adequate supervision, leading to a drastic and harmful increase. When one of the chains stopped, the current funding crisis was sparked off.

3- Excess Credit:

As of the eighties, the US banks were showered with huge funds due to the magnitude of the US economy and the perception that investment enjoys a high level of safety. This is still the case. As a result, the US banking sector had high liquidity. Normally, the banks shall not retain these funds "idle". They have to be utilized and generate a yield to pay the interests for the deposit holders. The excess liquidity made banks extend credit without examination of the sound credit principles as regards loan extension. These loans were recently called "Ninja loans". (Wikipedia, 2008) These are loans extended for those who have: (a) no income; (b) no job; (c) no wealth or assets as collaterals. Hence, loans are granted with an implicit message to the borrower: get the money, don't pay. In normal cases, for the banks to pursue their activities, the borrower has to repay the principal and the interests. With the inability to repay the loans, and the depletion of liquidity, some banks typically ceased to honor their obligations. They had to declare their bankruptcy.

It is noteworthy that extension of Ninja loans in the USA was not out of good intentions as corruption was rampant, similar to gambling in Los Angeles casinos. Economists know that "ethical corruption" is possible in loan extension from banks due to inconsistency in data and information- i.e. bribery, and serving self interests of the top-level officials in the banks (Ackerloff, 1970). The customer may resort to fraudulent practices through the presentation of a feasibility study, apparently in tact, but in essence, misleading and false. The credit officer may detect this fraudulence but does not disclose this to the Management, or may collude with it, to receive a bribe and serve self interests. Eventually, this leads to accumulation of non-performing and bad debts with the bank, which turns insolvent and bankrupt. This has been the case in the USA with the current global funding crisis. The FBI is interrogating hundreds of top-level officials in the US banking sector.

4- The impact:

The funding crisis had occurred before in other countries, apart from the USA. So, why is the whole world entrapped in its labyrinth this time? This is attributed to two points: First, the magnitude of the US economy and its share in the global economy (See Table 1); second, the close interwoven relation between the US economy and the rest of the world economies under economic liberalization and globalization. This results in a "contagious" effect as the "infection" is transmitted from the center to the peripheries. The following table demonstrates some indicators for illustration:

Table 1:

The size of the US economy in the world

2005	2000	1995	Item
27.5	30.6	24.7	US GDP- to -the rest of the world ratio
10.1	13.7	12.6	US exports - to- the rest of the world ratio
15.7	18.5	14.2	US imports-to – the rest of the world ratio
10.4	21.2	17.6	US share of the foreign investments (%)
32.3	37.3	33.0	New York stock market to world stock markets (%)

(Source: IMF database)

The Table reveals that the US GDP ratio to the rest of the world was 24.7% in 1995, went up to 27.5% in 2005, compared to 30.6% in 2000. The US GDP constitutes a quarter of the world GDP whereas the US population reached almost 301.6 million in 2007, 4.56% of the world population (World Bank, 2007).

It is worth mentioning that the relative share of the USA started to decline because of the substantial growth of other economies, especially China, India, Brazil and other. The US exports constitute more than one tenth of the world exports; its share is also contracting for the same above mentioned reason. Furthermore, its share in world imports amounted to 15.7% in 2005 against 18.5% in 2000. The import and export percent demonstrates that the US BOP suffers a chronic deficit. This shall lead to further deterioration if such conditions persist. The US economy has a monumental impact on the global economy, considering the US share of foreign capital flows; the US share was 10.4% in 2005 against 21.2% in 2000- almost the double.

In view of the aforementioned indicators, it is quite natural for the crisis to spread worldwide after sparking off in the USA; the infection is then transmitted to the globalized economy. As the saying goes: If the USA sneezes, the rest of the world catches a cold."

5- Sub prime mortgage:

The majority of Americans, in consistency with the credit dependence culture, prefers buying, rather than leasing, houses. The development of the mortgage system across decades facilitated this process. With the rise in the capital value of houses one year after the other, many households ventured to purchase houses at a value that exceeds their affordability, solvency and creditworthiness. With the mortgage system, demand on buying houses significantly increased, leading to a substantial increase in prices; a "bubble" in property prices (Eatwell, 2008). The bubble had swollen till it exploded. The prices started to decline, rendering many households insolvent; unable to honor their obligations due to failure to sell the houses against a capital profit. The capital loss accumulated with the constant

downturn in property prices. The crisis started to emerge in 2005 and 2006 due to the bankruptcy of subprime mortgage holders and the application of adjustable mortgage rates (AMR). The insolvency of households and cessation of payment lead to the withdrawal of houses from their owners. Many houses were subject to foreclosures- 1.3 million houses in 2007 with an increase of 79% against 2006. As a result, the liquidity crisis aggravated. It was rather the pin that made the bubble blow.

(Wikipedia,2008).

6- Hedge Funds, Sovereign Funds and Speculations:

The past few years witnessed the so-called funding innovations, including hedge funds, and sovereign funds (Hedgefundcenter, 2008). A hedge fund is a mutual fund; with membership open to a few numbers of investors. This fund manages various activities with the approval of the supervisory body. The Management receives administrative fees in return; and performance incentives should the realized return exceeds a certain agreed-upon percent. The hedge funds are supposed to avoid any potential losses in the market. This could be realized through several means, including "overdraft sale". The hedge funds may use "leverage"- borrowing side-by-side with the principal funds with the purpose of increasing the size of operations, and hopefully realizing further profits.

It is assumed that the first hedge fund was established in 1949. The number of funds had colossally increased; 196 funds had more than a billion dollars in 2005; with total assets of US$ 743 billion. This increased to $ 1442 billion in 2006, with an increase of almost 94%. The total assets of these funds amount to $ 2.68 trillion in the third quarter of 2007.

There are several types of funds: blanket funds earmarked to a special event (e,g. investing in a money market where the value significantly decreased). These funds operate in share, bond, goods and currency markets. They use different instruments such as repo, overdraft sale, futures and options. The used instruments vary (Wikipedia, 02/11/2008).

These funds are exposed to different risks, including leverage risks, i.e. the risks related to what the funds borrow in addition to the investments of the funds 'holders. The loan-to-invested amounts ratio may be more than 1:10; it may reach more than twenty folds. In these cases, if the fund incurs a loss, this may lead to the erosion of investments.

The other risks include, inter alia, "overdraft sale" when the prices of the sold instruments soar high to a level substantially higher than the previous sale price. This refers to the case when the individual enters a mortgage which exceeds his solvency in an attempt to adjust its conditions after selling the house with a capital gain in a limited period of time. One can manage as long as the property prices rise; when the prices dropped, those people were entrapped in the subprime mortgage labyrinth where the real estate companies increased the interest rate on the loans.

Risks further include high propensity towards risk bearing, non-transparency risks,

ineffective control risks, and systemic risks.

As a result of the expansion in the activity of hedge funds, the size of funding assets and derivatives grew, contributing to an increase in the bubble size; the explosion of the bubble was detrimental to these funds.

As for the sovereign funds, they are state-owned, consisting of funding assets such as shares, securities, precious stones etc. These funds partially invested in funding companies in Wall Street, including CitiGroup, Morgan Stanley, and Myril Leech, namely companies that were short of liquidity consequent to the subprime mortgage crisis.

The size of sovereign funds amounted to about $ 3.3 trillion in 2007. Table 2 indicates the largest funds.

Table 2

Key Sovereign Funds

(In billion dollars)		
Year of Foundation	**Amount**	**Country**
1976	875	UAE
1981	330	Singapore
2007	200	China
2005	60	Qatar
2008	32	Federal Russia
1999	12.9	Iran
1990	391	Norway
1953	264.4	Kuwait
2004	81.3	Australia
2007	50.0	Libya
1983	30.0	Brunei
2008	5.2	Kingdom of Saudi Arabia

(Source: http/en.Wikipedia.org/wiki/sovereign_wealth_fund)

The magnitude of the amounts available at the hedge and sovereign funds, and propensity towards risk bearing in quest of higher yields have led to more speculations ; this resulted in the instability of funding markets and the current global crisis, especially with the absence of any effective supervision on these funds and non-transparency at work.

7- Government and market failure:

Liberal thinking believes that the market realizes economic efficiency. This is true if the market is perfect and monopoly-free; i.e. the number of vendors is significant

where the production of each only constitutes a marginal portion of the market size; the same applies to the buyers. The commodity has to be homogeneous with free access to the market; and availability of information for both buyers and sellers. The government, on its part, primarily intervened under the socialist system to realize more efficiency; however, it failed to do so. Consequently, deformities and imbalances accumulated till the collapse of the socialist economies.

The current world conditions and the crushing funding crisis demonstrate again that the market fails to realize economic stability notwithstanding economic efficiency and social justice. This is despite the call for the application of a good corporate governance system, disclosure of financial conditions, and transparency at all levels. The underlying reason for failure of funding market is partially the imperfect nature of this market and the call to leave it to the market forces*. The funding issues are of paramount importance; it is the blood that feeds the life arteries. Hence, these issues require effective control and organization on the part of the state in addition to the market forces. This crisis highlights the failure of both the government and the market if they are inter-dependent. Safety and stability in the society require a prudent mix of market forces and government control.

8- Aggressive capitalism and intractable globalization:

With the collapse of the Soviet Union at the end of the last decade, voices were echoed that the capitalist system was an eternal everlasting system that would dominate the world. Francis Fukuyama in his book End of History and the Last Man underlines this thought (Fukuyama, 1992). Several ideas were championed: market dependence, promoting the private sector without any social controls, and privatization of the majority of the public enterprises. This greatly contributed to unequal income and wealth distribution, and rampancy of poverty in many countries.

* Some likened leaving the market without state control to the jungle where the survival is for the fittest; the sole control is through the King of the jungle, the Lion, who imposes order, curbs the tyranny of the aggressors, and protects the poor.

This synchronized with the call for globalization that called for opening the world markets, liberalization of the capital account in the BOP to ensure the free capital flow. The promise was that globalization would help improve the living conditions in the developing countries. However, two decades of implementation led to the deterioration of the living conditions in the developing countries; further inequality in the distribution of the world GDP between the developing and developed countries; i.e. the rich becomes richer, and the poor poorer (Stiglitz, 2002). This imbalance cannot last as sooner or later the economic system had to burst out.

The aggressive capitalism and intractable globalization cannot realize the socially desired triangle: growth, justice and stability. These are the main reasons behind the current global crisis. They are not nascent but rather resulted from the persistence of these reasons in the local and global economies for long years. The subprime mortgage crisis and the consequent liquidity depletion are nothing but the last straw that broke the ass's back or the pin that blew the inflated balloon.

III- Potential Effects on the South:

The crisis shall adversely affect the South countries. The gravity of these effects differs from one country to another. The expected effects are as follows:

(1) Security markets

The share prices have dropped in the security markets of the South due to the current crisis and the infection transmitted from the developed countries' markets. These vicissitudes shall continue in the markets with the ongoing fluctuations in the western markets in addition to the safeguards the South adopts to protect their economies.

(2) The Banking System

The impact of the banking sector in the developing countries varies according to the robustness of this system. Generally, banks in the developing countries were affected by the collapse of many banks in the West; and the credit crunch. In addition, the foreign currency conditions were subject to contraction.

(3) Property Prices

The real estate prices had lately soared. However, the current crisis had led to a sharp decline in prices. This was likely a useful correction for the development path in the South countries.

(4) Impact on general budgets

Revenues are expected to drop in the South countries. This necessitates cutting off the public spending. A huge deficit is expected in most of these countries. However, the crisis has some commendable effects on the developing countries importing foodstuff as a result of the decline in world prices.

(5) Impact on labor and remittances

As a result of economic slowdown, the unemployment rates in many South countries are expected to increase. As some of the labor force work abroad, these countries benefited from remittances expatriates send back home. With the crisis, the size of these remittances shall expectedly drop; in addition to the return of some labor to their homeland, adding pressures in terms of the rise in unemployment rates.

(6) Impact on BOP

Expectedly, the BOP conditions shall deteriorate in most of these countries because of the decrease in the demand on their exports and in prices. South countries that depend on tourism are adversely affected by the crisis, generating pressures as regards the exchange rates of these countries.

(7) Impact on growth rates

The GDP growth rates are expected to decline in most of these countries. In some countries, the growth rate shall be negative. This effect may last until 2010.

(8) Social impact

The potential social effects on the South countries are serious as regards the decline of the real living standard, poverty aggravation, and malnutrition. All these conditions lead to an increase in crime rates, familial rift and other harmful social effects.

IV- Remedy

The treatment of this crisis in the South falls into two parts: internal and external, securing interaction between the two.

(1) Internal Measures

To safeguard the South economies, enabling them to confront the funding and economic crises and external shocks, this primarily necessitates improvement of the national economy's performance, acceleration of the development process and realization of social justice. The required procedures and policies are known to all. We shall briefly refer to the relevant elements with direct emphasis on the necessary short-term procedures in order to surmount the crisis.

(a) Capital Market

It is essential to have full control on the capital market, prevent violations, promote foreign investments for the longest period possible through incentives and deterrents, and mitigate the tendency towards gambling and harmful speculations. The required structures have to be completed to improve the performance of these markets, especially the market makers. Levying taxes on the fast movement of hot money has to be considered.

(b) Support of the banking sector

This is feasible through capital provision, management capacity support, and enabling banks to continue the extension of credit and expansion in investments.

(c) Monetary Policy

The monetary policy has to be currently used in a manner that promotes the economic activity, consistent with the prevalent inflation rates in every individual country. As of now, the monetary policy has to be used to realize price stability and contribute to increase of GDP growth rate.

(d) Financial Policy

The financial policy plays a pivotal role in confronting crises through the rearrangement of public spending priorities to enable the limited income and the poor acquire the appropriate purchasing power; and increase the general investments to compensate the shortage in private investments, be they local or foreign.

(e) Trade Policy

The economic conditions vary from one country to another in the South. Therefore, it is hard to set general recommendations that apply to all. However, it is essential to use the trade policy instruments to confront the negative impact of the crisis o the BOPs, including the exchange rate, domestic production support, and gradual liberalization of capital account.

(f) Long-term procedures

The above mentioned items relate to the short-term procedures necessary to confront the crisis locally. However, on the long run, it is imperative to complement the structural reforms applied in most countries in the South, including:

* Administrative reform.

* Amendment of labor laws.

* Improving the business environment and reducing the cost.

* Fighting corruption.

* Complementing the political reform.

(2) South-South Cooperation

The South- South cooperation definitely has great benefits, leading to further economic stability and more opportunities to realize the accelerated development. Regrettably, several economic conglomerations among the developing countries failed to realize these objectives; others failed to realize the desired cooperation for one reason or another. The current funding crisis highlights anew the materiality of this cooperation for the growth and stability of Third World countries; and the need to surmount the hurdles that face this economic cooperation. This generally requires the following:

* Emphasis on the priority of state economic interests and preponderance over the other considerations.

* Countries that have surplus may be guided to invest in developing countries rather than investing in unstable funding assets. So, the investment- recipient countries have to create and guarantee an investment- conducive environment.

* Giving priority to inter-trade to increase the size of transactions among the developing countries.

* Increase of investments in infrastructure to facilitate the movement of people and goods among the South countries.

* Coordination in the production fields to increase the collective competitiveness of these countries in the global markets.

* Coordination in trade and investment fields to adopt collective stands in the interest of the respective countries.

* Increasing the quota of developing countries in the international organizations

(World Bank, IMF, WTO) to further serve the interests of these countries.

* Reviving the role of regional economic blocs(ECWAS, Arab Magreb Cooperation Council, Organization of Islamic Cooperation, ASEAN, MERCSUR).

* Deepening the private sector interests in the Third World countries, encouraging it to establish joint ventures, and expanding its role.

Dr. Bashir Kurfi*

The Impact of the World Financial Crisis on the Economic and Social Development of Non-Aligned Movement (NAM) Countries

Abstract

The world has changed significantly since April 1955, when Afghanistan joined 24 of our brother countries in founding this Non-Aligned Movement (NAM). Today, the Cold War has ended and there is a new global order: we no longer see through a bipolar prism, we see through a multi-polar one. And inter-state war has become overshadowed by terrorist attacks by state and non-state actors. However, NAM's founding principles are as relevant today as they have ever been. The main crisis is that of the global financial collapse which exacerbates the already severe crises of energy, environment and food that particularly threaten the developing countries in Africa generally. Already poor countries threaten to become even more mired in poverty. Afghans have felt this firsthand, as the rising wheat prices created the threat of a deadly food shortage this past winter. Thus, this financial crisis deepens the great gulf that already exists between the wealth of rich countries and the poverty of struggling nations. It is our contention that the global financial and economic crisis is indeed having impact on NAM Countries in the areas such as enterprises, workers and families, banks, equities and shares and virtually every sector of the economy. Against this background this paper discusses the Impact of the World Financial Crisis on the Economic and Social Development of Non-Aligned Movement (NAM) Countries and poses some solutions for thoughts.

Background

The global financial crisis of 2008–2009 is an ongoing major financial crisis. It became prominently visible in September 2008 with the failure, merger or conservatorship of several large United States-based financial firms. The underlying causes leading to the crisis had been reported in business journals for many months before September, with commentary about the financial stability of leading U.S. and European investment banks, insurance firms and mortgage banks consequent to the subprime mortgage crisis

Beginning with failures of large financial institutions in the United States, it rapidly evolved into a global credit crisis, deflation and sharp reductions in shipping resulting in a number of European bank failures and declines in various stock indexes, and large reductions in the market value of equities (stock) and commodities worldwide. The credit crisis was exacerbated by Section 128 of the Emergency Economic Stabilization Act of 2008 which allowed the Federal Reserve System to pay interest

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on excess reserve requirement balances held on deposit from banks, removing the longstanding incentive for banks to extend credit instead of hoard cash on deposit with the Fed. The crisis led to a liquidity problem and the de-leveraging of financial institutions especially in the United States and Europe, which further accelerated the liquidity crisis, and a decrease in international shipping and commerce. World political leaders and national ministers of finance and central bank directors have coordinated their efforts to reduce fears but the crisis is ongoing and continues to change, evolving at the close of October into a currency crisis with investors transferring vast capital resources into stronger currencies such as the yen, the dollar and the Swiss franc, leading many emergent economies to seek aid from the Fund. The crisis was triggered by the subprime mortgage crisis and is an acute phase of the financial crisis of 2007–2008.

U.S. responses

The Federal Reserve, Treasury, and Securities and Exchange Commission took several steps on September 19 to intervene in the crisis. To stop the potential run on money market mutual funds, the Treasury also announced on September 19 a new $50 billion program to insure the investments, similar to the Federal Deposit Insurance Corporation (FDIC) program. Part of the announcements included temporary exceptions to section 23A and 23B (Regulation W), allowing financial groups to more easily share funds within their group. The exceptions would expire on January 30, 2009, unless extended by the Federal Reserve Board. The Securities and Exchange Commission announced termination of short-selling of 799 financial stocks, as well as action against naked short selling, as part of its reaction to the mortgage crisis.

During the week ending September 19, 2008, money market mutual funds had begun to experience significant withdrawals of funds by investors. This created a significant risk because money market funds are integral to the ongoing financing of corporations of all types. Individual investors lend money to money market funds, which then provide the funds to corporations in exchange for corporate short-term securities called asset-backed commercial paper (ABCP). However, a potential bank run had begun on certain money market funds. If this situation had worsened, the ability of major corporations to secure needed short-term financing through ABCP issuance would have been significantly affected. To assist with liquidity throughout the system, the Treasury and Federal Reserve Bank announced that banks could obtain funds via the Federal Reserve's Discount Window using ABCP as collateral. [254][83] However instability in global stock markets, with dramatic drops in market values on Monday, September 15, and Wednesday, September 17. On September 16, the large insurer American International Group (AIG), a significant participant in the credit default swaps markets suffered a liquidity crisis following the downgrade of its credit rating. The Federal Reserve, at AIG's request, and after AIG has shown that it could not find lenders willing to save it from insolvency, created a credit facility for up to US$85 billion in exchange for a 79.9% equity interest, and the right to suspend dividends to previously issued common and preferred stock

Money market funds insurance and short sales prohibitions

On September 16, the Reserve Primary Fund, a large money market mutual fund, lowered its share price below $1 because of exposure to Lehman debt securities. This resulted in demands from investors to return their funds as the financial crisis mounted. By the morning of September 18, money market sell orders from institutional investors totaled $0.5 trillion, out of a total market capitalization of $4 trillion, but a $105 billion liquidity injection from the Federal Reserve averted an immediate collapse. On September 19 the U.S. Treasury offered temporary insurance (akin to FDIC insurance of bank accounts) to money market funds. Toward the end of the week, short selling of financial stocks was suspended by the Financial Services Authority in the United Kingdom and by the Securities and Exchange Commission in the United States Similar measures were taken by authorities in other countries. Some restoration of market confidence occurred with the publicity surrounding efforts of the Treasury and the Securities Exchange Commission

After 5 positive days the previous week, the S&P 500 fell 80 points to 816, down 9%. Financial stocks in the S&P 500 fell 17%. The Dow Jones Industrial Average closed at 8149 with a drop of 679 points 7.7% down. Oil fell below $50 a barrel in New York Trading. The General Accounting Office released a report that claims that the Oversight of the Troubled Assets Relief Program requires additional actions to ensure "integrity, accountability, and transparency". (Washington Post) (bloomberg.com) (Wall Street Journal) (CNN Money)

On December 9, the Bank of Canada lowered its key interest rate by 0.75% to 1.5%, the lowest it had been since 1958; at the same time the Bank officially announced that Canada's economy was in recession. This move came after the news that Canada lost 70,600 jobs in the month of November, the most since 1982. The official Bank of Canada press release stated that "[the] outlook for the world economy has deteriorated significantly and the global recession is facing a severe financial crisis of unprecedented dimensions in a world that has never before been so closely connected and interdependent. The consequences are global. The situation is volatile. The current financial crisis is rapidly becoming an economic crisis and threatens to become a social crisis in many countries.

The crisis comes at a time when commitment to global health has never been higher. It comes in the midst of the most ambitious drive in history to reduce poverty and distribute the benefits of our modern society, including those related to health, more evenly and fairly in this world - the Millennium Development Goals.

A previous effort to use health as the route to socioeconomic development, launched in 1978, was followed almost immediately by a fuel crisis, soaring oil prices, and the debt crisis of the early 1980s. In the international response to these crises, mistakes were made when budgets were shifted away from investments in the social sectors, most notably health and education. Many countries are still suffering the legacy of these errors.

It is not yet clear what the current financial crisis will mean for low-income and

emerging economies, but many predictions are highly pessimistic. In the face of a global recession, fiscal pressures in affluent countries may prompt cuts to official development assistance. Worse still, is the prospect of cuts in social spending - health, education and social protection - that many countries, especially low-income countries, may be forced to undertake. Both of these responses have occurred in the past. And both could be as equally devastating for health, development, security and prosperity as they were in the past.

It is essential therefore to learn from past mistakes and counter this period of economic downturn by increasing investment in health and the social sector. There are several strong reasons supporting this line of action.

First, to protect the poor. Rising food and fuel prices along with employment insecurity are among the factors leading to increasing inequities during an economic downturn. In this context, impoverishing health care expenditures - that in "good" times push more than 100 million persons annually into poverty - are likely to increase dramatically. Inevitably, it is the most vulnerable who suffer the most; the poor, the marginalized, children, women, disabled, the elderly, and those with chronic illness. Stronger social safety nets are urgently needed to protect the most vulnerable in rich and poor countries.

Second, to promote economic recovery. Investment in the social sectors is investment in human capital. Healthy human capital is the foundation of economic productivity and can accelerate recovery towards economic stability.

Third, to promote social stability. Equitable distribution of health care is a critical contributor to social cohesion. Social cohesion is the best protection against social unrest, nationally and internationally. Healthy, productive, and stable populations are always an asset, but most especially in a time of crisis.

Fourth, to generate efficiency. Pre-payment with pooling of resources is the most efficient way of financing health expenditure. Out-of-pocket expenditure at the point of service is the least efficient, and the most impoverishing - already pushing millions below the poverty line each year. A commitment to universal coverage not only protects the poor, it is the most affordable and efficient way of using limited resources.

Fifth, to build security. A world that is greatly out of balance in health is neither stable nor secure. Robust health systems are essential to maintain surveillance and response capacity in the face of pandemic threats. The lack of investment in sub-Saharan African health systems in the 1980s meant they were tragically unprepared for the HIV/AIDS pandemic in the decade that followed.

We must not repeat the mistakes of the past. We cannot afford, in this time of crisis, to squander our investments, to abandon our drive for greater balance in this world, which I firmly believe is a marker of civilized society. I am calling on all governments and political leaders to maintain their efforts to strengthen and improve the performance of their systems, to protect the economy of the people of the world,

and in particular of those most fragile, in face of the present financial and economic crisis.

The global financial crisis is already causing a considerable slowdown in most developed countries. Governments around the word are trying to contain the crisis, but many suggest the worst is not yet over. Stock markets are down more than 40% from their recent highs. Investment banks have collapsed, rescue packages are drawn up involving more than a trillion US dollars, and interest rates have been cut around the world in what looks like a coordinated response. Leading indicators of global economic activity, such as shipping rates, are declining at alarming rates.

Responses in the European Union

The European Central Bank injected $99.8 billion in a one-day money-market auction. The Bank of England pumped in $36 billion. Altogether, central banks throughout the world added more than $200 billion from the beginning of the week to September 17.

On September 29, 2008 the Belgian, Luxembourg and Dutch authorities partially nationalized Fortis. The German government bailed out Hypo Real Estate.

On 8 October 2008 the British Government announced a bank rescue package of around £500 billion ($850 billion at the time). The plan comprises three parts. First, £200 billion will be made available to the banks in the Bank of England's Special Liquidity scheme. Second, the Government will increase the banks' market capitalization, through the Bank Recapitalization Fund, with an initial £25 billion and another £25 billion to be provided if needed. Third, the Government will temporarily underwrite any eligible lending between British banks up to around £250 billion.

In early December German Finance Minister Peer Steinbrink indicated that he does not believe in a "Great Rescue Plan" and indicated reluctance to spend more money addressing the crisis.

With a recession already underway in the UK, Germany,France, the USA and other developed countries, it is quite startling to hear the Malawian finance minister argue that Malawi's economy is projected to grow by more than 8% this year. Yet this is today's stark reality. The USA is going through the greatest financial crisis since the 1930s, but, as the Financial Times has reported, Lagos is not Lehman. Nigeria, held back by decades of economic mismanagement, is growing at nearly 9%. Leaders in China suggest that they can help the world by offering growth rates of up to 10%, and many African countries still gain significantly from this (they are growing at 6-7%). Growth performances vary substantially among developed and developing countries. African growth exceeds OECD growth by margins not seen for 25 years; East Asia's growth is diverging as much as it did during the last significant global economic downturn in the early 1990s . The relationship between OECD GDP and Africa's GDP has weakened as a result of the emergence of countries such as China, as well as structural changes in African economies. According to the IMF World Economic Outlook report in April 2008, a decline in world growth of one percentage

point would lead to a 0.5 percentage point drop in Africa's GDP, so the effects of global turmoil on Africa (via trade, FDI, aid) would be quite high. The correlation between African GDP and World GDP since 1980 is 0.5, but between 2000 and 2007, it was only 0.2. As there have been significant structural changes (and a move into services that were able to withstand competition much better) as well as the rise of China, African growth has temporarily decoupled from OECD GDP.

Several Asian countries have built up healthy government reserves, and solid export performance has helped their strong current account position. Latin American countries are currently in a much better fiscal and external position compared to the 1990s, the decade in which several financial crises struck. However, there are also several worrying signs. The combination of high food prices and high oil prices has meant that, while the current account of oil and food importers was in balance by 2003, it was in deficit by 4% in 2007. Inflation has also doubled. Many developing and especially small and African countries are, therefore, in a bad position to face yet another crisis. The terms of trade shock tend to be highest in small importing countries such as Fiji, Dominica, and Swaziland.

However, African countries such as Nigeria, Kenya, Malawi, Tanzania are projected to have faced terms of trade shocks of greater than 5% of GDP (World Bank paper for the October 2008 Commonwealth Finance Ministers meeting). And there are also signs of a slowdown in Asia, the engine of recent world growth. In the space of a couple of months, the Asian Development Bank has revised its forecast for Asian countries downwards by 1-2 percentage points. The IMF growth forecasts have been revised significantly, especially for the UK (-1.8 percentage points down from the last forecast for 2009), but also India (-1.1 percentage points down to 6.9% real GDP growth), and China and Africa (both

down by -0.5 percentage points to 9.3% and 6.3% respectively). The magnitude of the crisis will depend on the response of the USA and EU. Trillion dollar rescue packages are launched around the world, but while the markets may eventually respond, the UK is already in a recession. Its magnitude will depend, in part, on how accommodative monetary policy can be, with the recent interest rate cut a sure sign the authorities are concerned more about the financial crisis than recent inflationary pressures. There is less scope for expansionary fiscal policy – in fact these rescue measures have increased public debt

Impact of the current financial crisis on developing countries

The current financial crisis affects developing countries in two possible ways.

First, there could be financial contagion and spillovers for stock markets in emerging markets. The Russian stock market had to stop trading twice; the India stock market dropped by 8% in one day at the same time as stock markets in the USA and Brazil plunged. Stock markets across the world – developed and developing – have all dropped substantially since May 2008. We have seen share prices tumble between 12 and 19% in the USA, UK and Japan in just one week, while the MSCI emerging market index fell 23%. This includes stock markets in

Brazil, South Africa, India and China. We need to better understand the nature of the financial linkages, how they occur (as they do appear to occur) and whether anything can be done to minimise contagion.

Second, the economic downturn in developed countries may also have significant impact on developing countries. The channels of impact on developing countries include:

* Trade and trade prices. Growth in China and India has increased imports and pushed up the demand for copper, oil and other natural resources, which has led to greater exports and higher prices, including from African countries. Eventually, growth in China and India is likely to slow down, which will have knock on effects on other poorer countries.

* Remittances. Remittances to developing countries will decline. There will be fewer economic migrants coming to developed countries when they are in a recession, so fewer remittances and also probably lower volumes of remittances per migrant.

* Foreign direct investment (FDI) and equity investment. These will come under pressure. While 2007 was a record year for FDI to developing countries, equity finance is under pressure and corporate and project finance is already weakening. The proposed Xstrata takeover of a South African mining conglomerate was put on hold as the financing was harder due to the credit crunch. There are several other examples e.g. in India.

* Commercial lending. Banks under pressure in developed countries may not be able to lend as much as they have done in the past. Investors are, increasingly, factoring in the risk of some emerging market countries defaulting on their debt, following the financial collapse of Iceland. This would limit investment in such countries as Argentina, Iceland, Pakistan and Ukraine.

* Aid. Aid budgets are under pressure because of debt problems and weak fiscal positions, e.g. in the UK and other European countries and in the USA. While the promises of increased aid at the Gleneagles summit in 2005 were already off track just three years later, aid budgets are now likely to be under increased pressure.

* Other official flows. Capital adequacy ratios of development finance institutions will be under pressure. However these have been relatively high recently, so there is scope for taking on more risks. Each of these channels needs to be monitored, as changes in these variables have direct consequences for growth and development (see e.g. Te Velde, 2008, on pro-poor globalisation). Those countries that have done well by participating in the global economy may also lose out most, depending on policy responses, and this is not the time to reject globalisation but to better understand how to regulate and manage the globalisation processes for the benefit of developing countries. The impact on developing countries will vary. It will depend on the response in developed countries to the financial crisis and the slowdown, and the economic characteristics and policy responses, in developing countries.

Which countries are at risk and how?

The list of channels above suggest that the following types of countries are most likely to be at risk (this is a selection of indicators):

* Countries with significant exports to crisis affected countries such as the USA and EU countries (either directly or indirectly). Mexico is a good example;

* Countries exporting products whose prices are affected or products with high income elasticities. Zambia would eventually be hit by lower copper prices, and the tourism sector in Caribbean and African countries will be hit;

* Countries dependent on remittances. With fewer bonuses, Indian workers in the city of London, for example, will have less to remit. There will be fewer migrants coming into the UK and other developed countries, where attitudes might harden and job opportunities become more scarce;

* Countries heavily dependent on FDI, portfolio and DFI finance to address their current account problems (e.g. South Africa cannot afford to reduce its interest rate, and it has already missed some important FDI deals);

* Countries with sophisticated stock markets and banking sectors with weakly regulated markets for securities;

* Countries with a high current account deficit with pressures on exchange rates and inflation rates. South Africa cannot afford to reduce interest rates as it needs to attract investment to address its current account deficit. India has seen a devaluation as well as high inflation. Import values in other countries have already weakened the current account;

* Countries with high government deficits. For example, India has a weak fiscal position which means that they cannot put schemes in place;

* Countries dependent on aid.While the effects will vary from country to country, the economic impacts could include:

* Weaker export revenues;
* Further pressures on current accounts and balance of payment;
* Lower investment and growth rates;
* Lost employment.

There could also be social effects:

* Lower growth translating into higher poverty;
* More crime, weaker health systems and even more difficulties meeting the Millennium Development Goals.

Possible policy responses:

The current macro economic and social challenges posed by the global financial crisis require a much better understanding of appropriate policy responses:

* There needs to be a better understanding of what can provide financial stability, how cross-border cooperation can help to provide the public good of international financial rules and systems, and what the most appropriate rules are with respect to development;

* There needs to be an understanding of whether and how developing countries can minimise financial contagion;

* Developing countries will also need to manage the implications of the current economic slowdown –after a period of strong and continued growth in developing countries, which has promoted interest in structural factors of growth, international macro economic management will now move up the policy agenda. Do countries have room to use fiscal and monetary polices?

* Developing countries need to understand the social outcomes and provide appropriate social protection schemes;

* There will also be implications for development policy: There will be limits to financial solutions if the problems lie in the real economy, but development finance institutions may be able to take some risks and support investment flows to developing countries, counteracting reductions in other financial flows. Whether DFIs can take higher risks might be informed by past experience, for example by looking at what happened during the Asian financial crisis of the late 1990s. During this period DFI portfolios were riskier, loan losses higher and returns lower than they are at present. And yet this poorer financial performance has not had an adverse affect on institutional credit ratings. The EBRD argued in 2007 that is able to withstand the impact of a major shock with an impact equivalent to 3.5 times the magnitude of the financial crisis in 1998, without a need to call capital; Aid volumes will come under pressure,1 but there may also be implications for the composition of aid.

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Discussions of the First Session

Dr. Samir Moustafa *

Thank you Mr.President.

I have a little to add to valuable additions made by Mr. Sultan Abu Ali and Dr. Saad Hafez with regard to reasons and economic impact of the crisis on the countries of the South.

Once a scholar asked me about the US administration, with all its experience in the field of crisis management and knowledge about means of analyzing the movement in bourses; he wondered how it came for the US administration to know about the crisis so late like any US citizen.

We, economists, know that the big recession and treasure theory do not provide neither satisfactory solutions nor a mere vision for futuristic solutions; simply because the reasons behind the recession have not been merely financial. Besides, the US has not been, at that time, a military, economic, or financial superpower. Hence the crisis of the 30s would never provide successful, or even acceptable solutions.

The message concluded from the two approaches of Dr. Saad and Dr. Sultan, has pointed out that the crisis has not had economic, financial, and political far-fetched reasons.

It seems that short-run solutions would not be useful for us; as the G20 seems to be trying to find out tools of the past. Also, the US administration, with all its distinguished tools tries to think of the past means like, for example, reducing the military expenditure in Iraq and Afghanistan by some 50%.

As to the political funds, or some $ 400 billion as mentioned by Dr. Sultan, meaning oil reserves used by the Gulf governments to buy shares , I believe that has not been enough. The whole contribution of the Saudi, Kuwaiti, and other Gulf funds to the G20 over the years from 97 to 2007 has been only 0-6% of their GDP throughout that period of time. Besides, a big number of countries such as the US, France, Italy, and Germany have provided the G20 with only 0-2% of their GDP. So, we can not basically depend on foreign assistance.

It is worth mentioning that the Gulf countries were hesitant to invest money in turbulent areas like Sudan. Meanwhile, they rushed in to the US where they lost trillions of dollars. It seems that foreign big financial institutions promoted the idea of safe investment areas to absorb the oil funds.

I believe that both the Non-Aligned countries and the G20 need to formulated a new world order and have a new currency to replace the US dollar. Pridictions hold that the Gross World Product may grow from – 1% to +1%.

* Arab Association for Economic Researches.

Last but not least I believe the lack of unity and trust were behind the lack of progress in Africa. So, it seems that huge projects like a transportation network between the African countries would bring the countries of the continent closer. Hence we could have a better management of resources. We could also have better human resources employment and development. I believe that the world order has collapsed, cause we expect to undergo a short period of recession. Here we must look for long term solutions, rather than short term ones,

Thanks you.

Dr. Aziza Ali Abdel-Razeq *

Thanks you Mr. President. I also convey thanks to Mr. Ahmed Hamroush, President of AAPSO and Mr. Nouri Abdel-Razeq, Secretary General of the Organization.

Thanks you honorable speakers: my colleague Dr. Saad Hafez and Dr. Sultan Abu Ali.

Well, I think the crisis has just started. Traders have two scenarios. The first adopts the theory of conspiracy, It holds that the US economists have been willing to have a crisis. In other words it is a fabricated crisis as there are more than $3 trillion of Gulf reserve money hidden in the US and European banks. Such money is not to be paid back afterwards.

The second scenario, which we believe is true, holds that it is a real financial and economic crisis resulted from credits of estate mortage due to over consumption. Anyway, the countries of the South and the developing countries will suffer from the economic impact of the crisis as well as its social impact. I think such countries have been well ripe for suffering, cause they have allowed direct foreign investment to dominate their economies, let alone the problems such as low rates of saving and investment as well as the housing problem. Most of those countries undergo the problems of over-population, health care and pollution. The lack of identity in such countries makes them well prepared for domination and crises. Unemployment is mostly hitting. It has reached some 11% of work power in the US. However, in our countries it is mostly hitting the energetic youth and women whom should be empowered. Unemployment among women is 3 or 4 times as that of men. Unemployment is there also among educated and clever people. Social impact of unemployment can be seen through high and increasing crimes rates.

Lack of cooperation between countries of the South has been a major problem with regard to the world crisis. Besides, the role to be played by the private sector should have somewhat social dimension, rather than just following up some economic policies. The impact of the ctisis will be there in our countries sooner or later. The problem of unemployment, in particular, must be considered as one of the

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big problems among peoples of the South. We need some big projects to absorb clever and ordinary labour. The countries of the South also need to encourage internal cooperation to face those impacts of the crisis,

Thank you.

Mr. Mokhtar Ayash *

Thank you Mr, President and honourable participants.

I studied economics though I am a professor in law. It has been my pleasure to take part in a symposium about the world financial crunch where I heared very dangerous facts of figures. Here we have, on the podium, Dr. Saad Hafez and Dr, Sultan Abu Ali.

And here, I wonder how can we have the political will that would avert us the collapse? I heard that Arab investments, especially private investment in sovereign funds in US and European banks, have touched almost 60% of the total Arab funding in the time being. I have heard that the Arab investment value totaled $1.5 trillion which is the same of Arab losses when the crisis began. The first part at the beginning of the crisis was $ 550 billion which seemed to be rather disturbing, when knowing that internal trading was about 11% while trading in-between the Arab countries of countries of the South and the US and European countries amounted 65%. Arab credit, especially that of the Gulf countries which attract Arab and non-Arab labour, amounted 75% in 1975. Then it went down to 35% in 1976. It then touched 18% in 2006. Due to those decreasing rates of credit and those of Arab-Arab trade which came down to 11%, let alone Arab extravagance and far distance investment rather than Arab investment, we wonder what can we do? How can we invest the Arab funds?

Let me remind you with the British Prime Minister's visit to Saudi Arabia, when the crisis started to hit, where he tried hard to attract a lot of Arab funds.

To our surprise several fruitless weapons deals have been made. The least of those deals was a $ 3 billion jets deal. There came also the Yamama deal which was said to amount $82 billion.

Thank you

Eng. Saad Al-Taweel **

Thank you Mr. President

Thanks to AAPSO for holding such an important symposium that has given chance to studying the bad condition of the world, with a special reference to the Arab countries and those of the South, with a view to the world economic crisis.

Though I am not a prominent professor like my predecessors, I would like to say that the crisis is not a financial one. Rather it is an economic crisis that has to do with

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** Engineer and Translator.

the core of capitalism. It is the crisis of over production rather than a consumption crisis, The world faces the crisis of over production which has turned to be an international phenomenon in all countries including India and China, as two major productive and exporting world powers, due to affluence of cheap work power.

Hence, the woeld production has surpassed the woeld consumption. The crisis then was the outcome of the difference between the value of world production and that of the cash banknotes. But why has the crisis turned to be so flagrant after the US elections?

I believe that the crisis was behind Obama's success, as the US rulers at Bush reign would like the rule to continue. However, the eruption of the crisis in September2008 had a big impact on the US system. Actually, I do not mean a radical change may happen as Obama is expected to follow suit of his predessosrs. However, the third world may benefit from some changes. I mean the aid that may stop. Over the past 20 years to flow has gone from the South to the North and not vice versa. Though the North might have offered some aid, loans with pressing conditions resulted in the fact that the South has paid back debts services and terms as much as the original debts. In fact the South has not been receiving aid from the North as the last has benefitted from funds in the South.

The crises have been begotten as part of the capitalist system. The US Federal Reserve Bank official had planned for some crises. Case in point, the Internet Crisis in 2002 had been all woven by the US Federal Reserve Bank official. Some banks in the US benefitted from the crisis while others came to the brink of bankruptcy.

As the current crisis is part of the capitalist system, it is highly important for us, countries of the South, to be far away. That would be the way to, at least, control the capitals flow. We must be well aware of the difference between capitals and investments.

As we have not realized that, the Egyptian Exchane lost 60% of its capitals after September 15. However, factories in Egypt have continued their work. Yet, those factories shares were subject to speculations by Europeans, westerners and some Arabs. There were other speculations by Arabs in their countries where they lost a lot.

The absolute freedom of capitals. Import, export, and financial transactions within the framework of world trade has led us to losses. Meanwhile, the movement of labour is not allowed which is a major reason for the crisis in the South. To protect ourselves, we must impose restrictions on the flow of things. Unlike open countries, Malysia, a country that controlled the movement of capitals, suffered a little from the 1997-1998 crisis. Hence, to control the economy is an essential condition that must be accompanied by the political will.Unfortunately, we lack the political will. We subject to that of the IMF and World Bank.We must not confine things to the economic crisis. Rather it is an economic and political crisis that should be tackled as mentioned by Dr. Beshir Othman. **Thank you.**

Dr Mostafa Ahmed Mostafa **

Thank you Mr. President. I appreciate all comments and additions. Yet, actually, we look forward to having suggestions as stated by Mr. Ahmed Hamroush at the beginning of this session. Thanks to him for inviting those distinguished guests to exchange visision with regard to globalization deals and development setbacks.

The current world economic system may continue for some time. So, we must be ready for that. The first suggestion which I would like to underscore here now would be sticking to cooperation vis a vis the financial crisis as mentioned be Dr, Saad Hafez. It is in fact an economic crisis. Yet analysis should go farther to different layers. Here I underscore economic cooperation between the developing countries and their basic fund which affects both the development process in particular and cooperation development in general. Then we must deal with technical cooperation in the fields of education, training, labour rehabilitation, scientific research, technology, information, and knowledge.

However, none has been interested in cooperation to achieve peace in fragile areas. The Islamic world and the Arab area are looking forward to having peace and real stability for development with no threat to regional Arab system, not to mention traditional, untraditional, and mass destruction, as well as nuclear weapons.

We call for a Middle East free from nuclear weapons, forces, and threats.

Thank you very much.

* Professor, Institute of National Planning.

Second Session

Facing the Challenges of Crisis and its Management in Non-Aligned Movement Countries

Chairperson: Mr. Ghassan Alshaka'a

Second Session

Speech of Dr. Ahmed Ali Ibrahim*

Mr. Chairman,

Ladies and Gentlemen.

The current world financial crisis is, in fact, the biggest threat ever faced the stability of the world financial system ever since the Black Thursday of 1929. It has been extended to peoples and countries worldwide with a view to globalization. Though first started as mere real estate loans' crisis in the US; it soon turned to be a downturn in bourses, to evolve, finally, into a world economic downturn.

All through the Black Thursday in 1929 up till the Black Monday of 2008, some financial crises have had different impacts on several world countries. Such crises resulted in Nazism, fascism, conflicts and the World War II accompanied by big human loses.

However, the current financial crunch is mainly distinguished by having a sharp and deep impact which resulted in the collapse of big financial institutions and banks, leading to a remarkable downturn in world exchanges with dangerous repercussions. Hundreds of thousands of people worldwide have been laid off and oil prices have gone too much down with remarkably passive impacts on oil exporting counties where oil and gas represent the main parts of the states economy.

Moreover, the downturn impact has been extended worldwide following that of "Wall Street". The crunch has influenced all world, Asian, Russian, and Gulf exchanges. Hence, the capitalist economy has been facing somewhat structural crisis. Yet, the world economy would, eventually, restructure itself successfully. The developing countries, however, are feared to pay for harmful effects of economic policies of the capitalist system which, on its way toward restructuring, would continue adopting polarization policies and adopt more policies of capitalism centralization and domination, which would be deeply harmful onfo development strategies in the Non-Aligned Movement countries.

The current world financial crunch has proved that the repercussions of the capitalist systems crisis are not far away, which could be termed as globalized economic phenomenon. The Non-Aligned countries must deal with such crises though independent development policies aimed at solving problems of aggravated poverty. They should also stick to cooperation to be based on mutual benefits and

* Iraqi Council for Peace and Solidarity

common interests of regional blockings. Besides, they must make use of all aspects of scientific and technological progress vis a vis passive repercussions of globalized production as a main aspect of the world economic system which resulted in different degrees of economic development in central and far-fetched countries.

Globalization, as a phenomenon, means that isolation, on the international arena, is impossible as it could be really harmful to societies; unless it comes though balanced economic blockings. Mutual benefits would allow such blockings to take part in the world economy according to criteria of equality in order to attain a humane face of globalization.

Interests of big capitalist powers would, undoubtedly, be in the heart of the new image after the end of the crisis. However, one cannot ignore the new US policy under Obama's administration as based on new world economic and political notions. The Non-Aligned counties must strongly fight to get rid of the debts shackles, bridge the technology gap, and review the policies adopted through the world financial crisis.

On the other hand, the rich Non-aligned countries are invited to contribute to investing in different fields of development in the most poverty stricken countries, as well as in building counterpart financial institutions so as to have limited power of the policies of both the world Bank and International Monetary Fund (IMF).

Another challenge facing the Non-Aligned Movement countries, namely to have developed and well-rooted national systems via adopting some radical reforms to defend human rights and democracy, attain better investment of natural resources, and activate the role to be played by powerful civil societies. Otherwise our societies could never attain their share of progress and development or face the political and economic challenges arising worldwide.

Speech of Dr. Mahmoud Abdel-Fadil*

Thank you Mr. President...

I believe that, so far, my colleagues have, elaborately, dealt with roots and repercussions of the crisis. Therefore, I am going to tackle another point concerning the coming Non-Aligned Movement Conference in Sharm El-Shiekh. Let me wonder about the new chances, given by this crisis, to repair the economic, financial, and world system. Here, I believe that the Non-Aligned countries have acquired some, rather, preferential position than before.

Despite accumulated problems and repercussions; a crisis, meanwhile, opens the door for new chances!

Back in 1929, the great recession brought about the idea of saving which lead to state intervention and, therefore, solving many of the chronic economic cycle's problems. It also produced the new deal policy in the US under Rosfelt administration. Now, under Obama administration, the crisis would give a chance to reconsider the economic policies adopted by the US and the West during the 90s decade. That, and Berlin Wall fall, came as a result of the policies of Britain as well those of Regan administration in he US which have represented the starting point of the 1982 autumn crisis.

The most important result that should be considered as a useful experience, for the countries of the South and the Non-Aligned Movement countries, may be the fall of a certain specimen. It is that of the unrestrained economic liberalism, which was considered as the only way to achieve an economic breakthrough and development in the world. That resonant fall of liberalism and unrestrained financial globalization, which prevailed in 1991 and 1992 in Wall Street, the heart of world capitalism, meant the failure of the world financial institutions system adopted by the world finance system. There should be some reform. That will be my suggestion afterwards.

In my opinion, deities and idols have all fell down. Here, I agree with my colleague from the Gulf area who pointed out that before that horrible fall, those financial institutions were considered as never to be subjugated. Their leaders were considered as unique individuals. All such myths have come to an end. There must be a new financial world order. The restructuring process will not for the benefit of the financial wing of world capitalism with all its pride and prejudice. Rather it will be for the establishment of a fair system for the countries of the South.

Second important result is that the disorder amidst the financial and true sectors all through years prior to the crisis -- tackled by all colleagues -- that disorder has led to the growth of the financial sector and financial institutions as well as all profit entities.

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Meanwhile, true economy has been destroyed. Therefore, the people abandoned true economy where found real production and job opportunities. They left concrete true economy based on agriculture, industry, trade, and services for financial economy based on transactions in fields like real estate and stock exchanges. On checking data concerning the great growth of that financial sector, one would never find a real growth. Such an imbalance would, eventually, lead to a crisis. So, it was not a surprise to have the crisis coming up in autumn 2008.

The beginning was in Asia in 1997-1998. The Asian countries managed to go forward with firm steps until the financial and real estate sectors managed to achieve a growth that resulted in a crisis. However, due to having a stable true sound economy, the Asian countries managed to overcome the crisis. The newly developed structures were designated as a result of the unrestrained globalization that overwhelmed the whole world. Here, to reconsider globalization machinery in order to pin advantages and disadvantages; that seems to be a chance for individuals in both the North and the South. Actually, it is a historical opportunity to restore balance between what is concrete, true, and financial. Hence, we are going to see, or rather have already witnessed, the end of bubble economies.

Here, in the Arab area and most of the South countries, we have witnessed bubbles in stock exchanges and real estate markets, which would lead to having true economy. As the people usually accumulate their savings and investments in true sectors which bring about growth, development, job opportunities, and welfare; I believe that it is the end of the bubbles age. Traders and investors, all over the different world markets, have all received a great strike. They lost almost 50% of their capitals and resources. In the South and the Non-Aligned countries in general, the real estate markets have been, naturally, less hit. However, transactions, stock exchanges, and mortgage institutions' system have been severely hit as not based on something concrete, financial, or backed with paper. Beforehand, a house used to be mortgaged only once. However, under the US financial policies of the US Federal Reserve Bank, a mortgage paper was to be sold and re-sold as a guarantee that has nothing to do with real estate. Here a correction seems to be rather essential.

The correction of the financial system in 1929-1930 resulted in what was considered as a basis for economic policies afterwards.

I would like to remind you that the first wave of globalization was unrestrained. Starting in 1870, it also included communications and information revolution.

The first wave of globalization stopped by the 1929-1930 crisis. Globalization also stopped. Then came the 2nd world war. And then we encountered the non-stop neo-globalization. However, there might be some mistakes that should be corrected.

So, this may be a historical opportunity for the Non-Aligned countries to take part in the so called new construction. The new world order now comprises some committees including the G20 and others which have been formed by the Nobel Laureate UN General Secretary to reconsider the world financial order in order to achieve justice between the North and the South. It is a historical chance that must

be taken by the Non-Aligned countries some of which(India, China, Brazil, and others) do have sound economies. Such countries, that have economic and political preponderance, may bargain with G20 and other world parties to attain real gains, so as to attain balance between the North and the South.

In fact this crisis may be for the benefit, on the political arena, for the Non-Aligned countries and the South with regard to weakness of US dominance of the world financial and economic systems following Wall Street scandal. That is only a financial scandal. There is fraud too. The collapse has shaken confidence in the US financial system capability to take the lead; not to mention the missed owe of the political and military system. That could be a historical chance before the Non-Aligned countries. An article has assimilated what happened in Wall Street to the drowning and catastrophe of the Titanic which was, at that time, the best ship with the state of art equipment and highly qualified captains. Yet, it drowned due to lack of other provisions. The same happened with all world companies leading the world system. However, the poor are going to pay for that. The idols of the past have vanished; as the big world institutions have collapsed and great famous banks have been facing a crisis. Hence, the Non-Aligned countries have the right to try, under the leadership of the economically qualified developing companies, to establish a more fair financial and economic system where gains are not to be concentrated in the North countries. The West newspapers now admit the fact that it would be a historical chance to have the so called a new world system to replace that which has been there since 1944. And there has been a call to establish new institutions as the International Monitary Fund (IMF) has failed to save the world this crisis. Hence, I believe the Non-Aligned countries should have an effective role to play, rather than just watching.

I believe the Non-Alignment Movement Conference in Sharm El-Shiekh should pay attention to this point. Attention, however, may be drawn to a passive point in the past. In many Non-Aligned and Gulf countries, attention was paid to attain profits of oil or brokerage with no attention paid to quality of production. Nevertheless, in some Asian countries like Malaysia and China, there have been some development leading powers that managed to provide a new development specimen which has been adopted in many countries of the South. Besides, we do have the specimen based on sound planning through liberal economy that is to be transferred to free market economy, privatization, globalization, and world economy.

All financial advice would not result in having a real development and social justice, as happened in Brazil. In many of Latin America countries; such as Argentina, Venezuela, and Bolivia, that specimen has been toppled via elections. Similarly, the idea of economic differences has collapsed. The central-leftist alliances passed with their new vision, in-between economy and society, through a fair democratic process. In India, the ruling rightist opposition Congress party won the elections, some two or three days ago, despite the high development rates in India before the Congress Party had won the elections last time due to lack of social justice between the people and in poor areas.

I believe the Non-Aligned countries have been witnessing a new trend to have a new approach, in Asia and Latin America, that could be suitable for our countries in the Arab countries. That approach pays a paramount attention to development and justice. It considers the role of State development as very important since market economy is not the only means to have real development and social justice. That leads to rationalization of the economic approach so as to achieve benefit for peoples and individuals through enterprises that used to target profit only in true sectors.

I believe that investment in traditional sectors that might be not suitable in the long run would be left for development of knowledge. Since the establishment of the Movement, the Non-Aligned Movement countries performance has been regarded as a considerable contribution to the modern world history...This is a historical chance for us to exert more effort so as to contribute to the creation of a new world system to be based on justice, knowledge, and creativity.

Thank you

Discussions of the Second Session

Eng. Saad Al-Taweel

Thank you Mr. President. I would like to pinpoint a detail with regard to means of protecting the countries of the South from perils of the economic crunch and encourage mutual cooperation in-between those countries.

I have presented a very brief paper, laid down among other papers of the symposium, wirh regard to agriculture in Egypt. Here I am going to present that paper before you to point the results I concluded. To talk about agriculture in our country, it must be separated from features of the world market. The reason is that it is laid backward as a result of the lack of mechanism. Hence production costs are much higher than that in the developed countries such as the US, Canada, Australia and European countries. Hence we do not have the capability of competing in the world market. To overcome that hurdle, we have to put on restrictions on importing goods and oppose the conditions of the World Trade Organization, namely applying the open market policy. Otherwise, the Egyptian agricultural system will then collapse. We point out to the fact that 96% of the agricultural land area in Egypt is less than 5 feddans, that is to say owned by small farmers who can not afford using mechanism or compete in the woeld market. If they are to be subject to world competition the result will be complete fiasco.

Naturally, some might think of development of the Egyptian agricultural system to increase the agricultural productivity. However, that would take a long time to find suitable places for the workers who live in the countryside.

In the US, a farmer is responsible for cultivating 80 feddans. He then plows the land in 2 or 3 days. Another person then saw the seeds and pave the land. Finally comes the harvest with all needs are there, This means that one farmer cultivates 80 feddands. The agricultural system in the US, mostly. goes this way. Besides, huge companies are there to cultivate thousands of feddans. In other words, production over there is at least 10 times more than ours. And since wages here are high, thr cost is high too.

In order to compete, world market prices must not be allowed to be the sole criterion. And we should not then, blindly, obey the WTO. Fortunately, they have not yet concluded a final decision. Therefore we may stick to defend our rights and protect ourselves as they do. The US, for instance, pays out $4 billion annually for cotton farmers. Similarly, Europe pays out huge subsidies for the farmers. Why they can protect their farms and farmers while, according to the WTO rules, we are not allowed to do that? We are asked to adopt the open door policy vis a vis the world market with no protection.

On the other hand, our agricultural systems are being developed by our own means. Scientific institution concerned should pay attention to that. Case in point, Dr

Ahmed Mostagir had had some leading researvh work in the field of agriculture. He managed to produce wheat and seeds that could bear water salinity. Though he had already made some field experiments, everything went into oblivion when he passed away, though he had already made some field experiments.

The Genetic Agricultural Research Organization is currently conducting field research work on US genetically modified corn in some 1600 border feddans. Though working to find new developed means which would help our farmers, our research centers work for the multi-national companies which, consequently, dominate and control agriculture in Egypt. Actually, we must keep away from the world market to avoid world comptitiveness. Meanwhile, research should go steadily forward to develop our agriculture systems on the long run.

On the other hand a comprehensive development process based on industrialization must be adopted to absorb workers from the countryside after adopting cultivation mechanism. Tourism and other fields of work would not be sufficient for absorving around 50% of the Egyptian population and 27% of Egyptian workers in the field of agriculture, all of small farmers who possess 5 feddans or less . How could they earn their living if we left them to the world market powers. They would then be destroyed as they would fail to earn living.

Thank you

Dr. Moustafa Ahmed Moustafa:

I consider all of what has been said as a deep personification and recognition of what is facing on the current world system. However on pointing out to what was said by professor Dr.nMahmoud Abdel-Fadeel, I believe we should reconsider priorities. What do we need for the Non-Aligned countries in the South(118 countries). In Sharm lEl-Sheikh, priorities must start with science an technology. There should be somewhat indigenous division for the strategy of science and technology. Second priority is man's liberation with regard to food and agriculture which is another vital field. I believe that the project of crisis facing and management comes as a second priority. Then comes the rational participation in management of resources especially water. The lack of both political and economic wise management of resources holds most of the developing countries eventually subject to wars. Though very important, political management must be accompanied by highly disciplined plans with regard to a development process based on scientific principles as well as enlighted and cultural basis.

Thank you

Dr. Aziza Abdul-Razeq

Thank you Mr- President and thanks to speakers all of them. Since the collapse of the financial system in Washington and shrinking of the government role vis a vis the

private sector we need an urgent new economic system for the Non Aligned countries. And now since the collapse of big investment and loans system in Egypt, we should look for a huge financial institution for the Non-Aligned countries, big fund for little investor, micro, medium and micro investments. Here, working women represent some 30% of women in Egypt. lLittle investors are very careful with regard to repayment of loans. However, feasibility studies are urgently needed to show seriousness of projects and to make sure they would be an added value to the national economy and development. Hence an individual would be a power of production and creation with the role of the state and government getting to be little in the Non-Aligned countries.

Thank you

Mr. Mokhtar Ayash:

Thank you very much. Actually we are here to tackle a very serious and urgent problem form which we all suffer.

I might have spoken about different figures in the past lecture. Yet here I would add another one with regard to military trade in the Gulf area. Here on the platform we have two persons from that area, from Bahrein and Iraq. In fact 17% of the world military trade is there in the Gulf. The UAE was the third world importer of weapons.

We are involved in investing our money in buying weapons which we would never use. Meanwhile over the next 5 years we would have 30 million unemployed people in the Arab countries.

The question then would be (unlike the previous colleague) could we , under the current political administration, pay for the materialistic loss? Do we have the political administration which valid for this?

I believe that the political administration plays a very important and effective role in achieving that target. So, could we have a political will that might be able to compensate a loss that afflicted with at the beginning, that reached $ 55 billion. In other ewords, could we accumulate a lot on money in the Arab wolde, especially that there are poor Arab coubntries. Cases in point are Somalia, Moriianhia, and Sudan. So, can we have industries that might limit unemployment under that crisis? Could we change the financial trend toward the European and HS banaks to be vis vers ? We would to mobilize funt ds into the Arab area in order to have industries ti absorb unemployment and put an end to losing the Arab funds.

Thank you

Dr. Mahmoud Abdel Fadil

I would like to refer to the words of Dr. Saad Al-Tawee; who spoke about agricullyute in the Non-Aligned countries to save their peoples food. II believe that the door is now open before the countries that signed the WTO treaties as members to

have the market open. The countries of the South had rather certain stances in Seatle and Cancun. Even, Doha round of negotiations is still underway. I do believe that the increasing political and economic preponderance of the Non-Aliegned countries as well as other developing (members of the WTO) does have the door open to re-negotiate some treaties concerning the intellectual property rights, transfer of technology, and agricultural issues.

Here I underscore the importance of the South-South and Non-Aligned countries cooperation toward the process of negotiation and in the WTO ministerial meetings would be necessary to unleash restrictions imposed on these countries.

According to Dr. Ahmed Mostafa, science and technology are two corner-stones here and toward achieving any leap. He pointed out to two main conditions for these countries to make use of the crisis namely rational political magament of resources as well as democracy that seems to be very important. Here I stress the point that the governments elected in countries like Brazil, India, and Venzuela can play a major role toward the rational political performance,

Dr, Aziza tackled the point of creating some sort of institution in between the Non-Aligned countres to support the macro-economic projects and save the chances of transformation which is actually different in the 3rd world counties.

In Asia we have some new ideas such as creating an Asian Monetary Fund and having an Asian unified currency to be supported by China, India, and others. This means some sort of independence unto the IMF and World Bankand having some other financial institutions in Asia and other parts of the rorld throughout cooperation (Asia and Africa for instance) to have some transformational channels that would be able to save funding for macro-economic projects.

The world economic crunch should naturally have the door open before re-cycling heeps of Arab funds over tnere in the US and and the West to attain high profits. You definitely know that the big financial institutions have some envoys and representatives in the Arab and Gulf countries. They stay in 5-star hotels in search for millioneers so that they get them involved in investment contracts with big institutions whose work is based on speculation to achieve huge profits. Such institutions failed, which meant that the rich people lost nearly half their money. Meaning, there is a chance to rationalize the other half of the wealth. I believe it is a historical chance to have the Non-Aligned countries institutions rationalize the Arab perform ace in particular, especially in the Gulf area and the East, The West and Egypt. It is a historical chance that must be taken after illusions have collapsed.

In response to the question of Engineer Hesham Al-Sherief, and as for funds and savings lost in financial institutions and property under tne meltdown, I believe it is high time to move to real sectors such as agriculture, industry. productive services, education, technology and knowledge. I believe that such a chance can hardly be found.

In Egypt, no matter about politics or economy, there are problems with regard to

wheat and cotton. The problem of cotton is undoubtedly a threat to industry, where as wheat is threat to food safety, However, there is a chance to attain the Arab-IArab economic integration in that field. The water is an issue to be discussed. These are issues located high on the agendas of both the Arab-Arab and South-South cooperation. Again I believe that political will and democratization should be well pfoviciced to have some plan and approach toward the future.

As you know Asia did have the political will and vision. In 1960 the Nobel Laureate Gonar Mirdal published a book on the Asian tragedy. Some 30 years later, at the advent of the 90s, in 1993, the world Bank published an important book under the name of the Asian Miracle. The question then was how did Asia surpass the tragedy for the miracle in 30 years via using political will and serious work. There was no oil, They only utilized hard work.

I believe we must go back to wisdom and there is the chance to be taken.

Thank you

Mr. Abdel-Galil Al-Noeimi *

The world economic meltdown acts as great political burden onto the Gulf area. On the one hand the world countries exercise great political pressuer on the Gulf countries. On the other hand the language of interests acts as being there too especially with a view to weapons deals with astronomically high costs.

Case in point for such pressures, I still remember when Saddam Hussein produced the huge artillery. At that time there were pressures to counter back deals. Ismail Al-Shafei, the then President of armament committee at the Parliament, received a phone call from the US ambassador to convey him the US agreement on the deal. That meant but interests and pressures.

Actually some Gulf countries do not even need having an army, as they have signed protection treaties.

As for technology and technology transfer, only 3 persons fron the Middle East area talked in the Gulf Industrialized Conference that was held in Kuwait, They introduced and developed the effect filling industry, They belonged to Iran and Saudi Arabia

None of the Arab countries could introduce or develop such industry. This field is widely open before the private sector instead of privatization of state institutions snd selling then out in cheap prices.

Investment in that field is profitable yet actually it is not easy like selling projects at low prices. I believe that the IMF role has come to an end as it represents an added value only for big institutions. However, it still has a role to play for the developing countries as regarding adopting certain policies that could not be implemented for the

* Bahrain Committee (Under Establishment).

time being. Someone has to shoot the mercy pullet on to such IMF policies. Otherwise, they could be let to meet their eventual end with very painful efffets onto the world economy. Countries must think over alternatives especially when initiation is possible.

As for the US dollar, I believe it is high time to find an alternative credible currency to be used in international transactions as the US dollar has turned to be un-recognized enough or may be it is on the way toward turning to be a priceless paper. Hence, we must find another currency. And since the US dollar is preferred due to relations with gold, I believe the previous exchange price would be begotten once more.

Mr. Ghasan Al-Shaka'a *

I believe we need much time to speak about the IMF and the World Bank and their impacts onto the Arab community. However, we actually discuss another subject. Smart intelligent persons would, naturally, recognize that.

* Palestinian Committee for Peace and Solidarity.

Third Session

South-South Co-operation and its Role in Enhancing Non-Aligned Movement

Chairperson: Mr. Nouri Abdul Razzak Hussain

Third Session

Mr. Nouri Abdul Razzak

We would like to begin the third and last session. In this we are going to tackle an important issue. That is the actual activity of the mess organizations and the moves of the civil society. We have talked about the diagnosis of the global crises and the international situation, and we are going now to discuss the areas of activities on the national and continental levels.

Before giving the floor to Mr. Vidyasekera, I would like first to make clear that the question of south-south co-operation was actually a slogan on the table several years ago, perhaps in the early stages of the Non-Aligned Movement, the south co-operation movements in 1977 or other occasions. But realistically, it had no tangible results. This may be attributed to the fact that during the struggles of the Cold War, the Third World was one of the areas contested by the two camps. Therefore, there were south-south struggles among the NAM countries.

In this respect, I would like to refer in particular to Durban Summit held in South Africa. At first, the main slogan of this Summit was the south-south co-operation. At that time, Nelson Mandela talked about and stressed upon this slogan. But when we entered into the Summit discussions, we found out the following. There was an African-African conflict in Congo. And there was another African-African conflict between Eritrea and Ethiopia. This was in addition to the long-lastin g conflict between India and Pakistan- an Asian-Asian conflict. Of course there are other struggles taking place in other areas, but they may not be that bitter.

Hence, the Summit which called for the south-south co-operation was in fact the south-south conflict. This is the real problem, which ushered in contradictions and fighting among the members of the NAM, the world liberation movement or the developing world peoples' movement. In early 80s, we witnessed the outbreak of an unjustified war between the two neighbouring states Iraq and Iran. They are both Islamic countries as well as members in the NAM. The result was the waste of almost a trillion dollars, the killing of around a million people from both sides and the destruction of the infrastructure of the two countries. When analyzing the reasons of that fight, we will find that there were interventions by the major countries to raise the ambitions of this or that state or to raise the issues of power or any other issues. But there was no main objective political reason urging one of the two neighboring states to wage the war against the other. Those problems which we may have tackled briefly and generally are indeed main political problems. The Iran-Iraq War operated the world capitalist industrial machinery of weapons and saved it from a massive

recession. So, we can see these questions in their historical context.

Moreover, the NAM could not, particularly in the advanced stage, leave the stage of construction, founding fathers and the great leaders who contributed to the establishment of the Movement and move to the other stages. When the neo-colonialism and the multinational companies emerged in the NAM countries, the NAM could not solve or find a treatment for any problem within the Movement. The solutions, however, came from the two major powers. They usually offered solutions when there was an agreement. In AAPSO's sixth conference held in Algeria, the conference decided to send delegations to Prime Minister Indira Gandhi, the then Chairman of NAM, to discuss the question of India's addressing the Iran-Iraq War. A delegation formed of the Late Dr. Murad Ghaleb and I already went and raised the issue on the ground of the Conference resolution. We were told then that the Non-Aligned Movement could not offer any solution for the problems of the Movement, such as the Iran-Iraq War, and that we may be allowed to intervene, but such problems could not be solved unless there was an agreement between the two major powers. And this is what actually happened after 1984. I, when tackling this issue, want to stress the idea of the will which should exist within this Movement. It is this will which can impose the south-south co-operation. If such south-south cooperation occurred, this would mean a unity of aims and a unified flexible strategic movement which could be influential on the global level.

On the other hand, an Asian-African summit was held in Jakarta in 2005 on the occasion of the 50th anniversary of Bandung Conference. The resolutions of that summit, which I think you have reviewed, show that since Bandung Conference in 1955, there has no any economic relation or co-operation on the economic continental level between Asia and Africa. In other words, after the lapse of 50 years of political independence, there has not been yet a mechanism of economic relations between Asia and Africa. There are economic blocs in Asia like the ASEAN which have direct relations with the international capitalist blocs. Likewise, there are African economic blocs, such as the COMESA and many other blocs, which also establish their fundamental relations with the major capitalist powers. Since Jakarta Summit in 2005, a mechanism has been provided, for the first time since 50 years, for finding Asian-African economic relations. In addition, China have established very successful relations with Africa.

However, I would like to mention in this respect that there is not, on the economic level or the political level or even the level of crisis resolution, a strong and binding will on the part of the Non-Aligned Movement or the Developing Countries and the Third World Movement. However, due to the current global crisis, the international situation is likely to change, particularly on the level of public movements. Although the currently existing movements, whether the solidarity movements, the World Peace Council, the African liberation movements, etc, have common aims and similar slogans, they have not created yet the mechanism which unite these movements. There is a flexible extended programme of world social conferences which came as a reaction to globalization. The conferences were held in Brazil, India, Africa, Mali,

Lusaka and many other areas. These conferences are regarded as rallies against the globalization, but they have not so far united their goals, nor they have reached a unified programme of their own. This question, which we can not resolve, is one of the most important issues which we faced in the stage of challenges that we have just tackled.

It is worth mentioning that Vietnam tried, two years ago, to hold a meeting on the south-south co-operation. We duly participated in the meeting and made a contribution. The Vietnamese averred that they wanted to form an organization for south-south co-operation. We officially commended the initiative and sent them a message of support. But this organization could not reach any logical end. The statement issued in Hanoi on south-south co-operation mentioned that there are many world powers standing against the globalization, the monopolies,, the hegemony and the capitalism, and despite this anti-globalization powers are still scattered and fragmented. This is still the main point which we address; the civil society forces, the popular will, the NGOs' actions in the three continents are still scattered and fragmented and can not find a unified programme or undertake a joint unified action. On the contrary, the public movement existed in the past may take various forms, but up till now, it have not taken a systematic form to develop a consistent strategy however simple and small it is for the future. It is our basic responsibility and the responsibility of AAPSO and the social powers working in those areas.

Even on the national level, the aforementioned divisions existed during the period of Bandung, the succeeding period and the period of national advancement towards the political independence. There is also some sort of large fronts, and this is a question which needs a lot of discussions.

However, there have been positive initiatives, including the changes occurred in Latin America, the cooperation between the Latin American states which put an end to the monopolies, the oil extended by Venezuela at low prices, the Cuban aid to Latin American countries as well as the issues related to education, physicians and technology. All these things are a good ome n in this reqard.

Thank you

Mr. E.A.Vidyasekera*
South-South Co-operation

When in 1955, Bandung Conference was convened in Indonesia, the pioneer leaders of the emerging countries no doubt had in their mind the importance of South-South co-operation as their priority for future action. In fact, when in 1947 Asian Relation Conference was convened in Delhi, Jawaharlal Nehru stressed the need for closer co-operation among these countries once they become free. In Bandung the spirit that emanated was the urgency of the upliftment of the colonially exploited people in the South, the vehicle of which was to be the close unity among South countries. The Non-aligned Movement meet in Belgrade in 1961 adopted it as paradigm for the NAM philosophy .

Despite the fact that NAM Summits continue to reiterate the indispensability of South-South co-operation, its implementation had not been as effective as expected by the people of these countries. NAM is still numerically the formidable force in the United Nation, and also human resources and natural wealth, but could not match with the economic power of the developed countries. South is still a reservoir of poverty and depended on prescriptions and guidelines of the developed countries who dictate terms through manipulating the international financial and development institutions to further deprivation. This calls for stronger unity and consolidation to overcome their dependence on external forces.

The present crisis is the crisis of capitalism. This "tsunami" was originated in the citadel of capitalism - the United States and spread all over the world, as a result of its hegemony in the globalised world - The all powerful "dollar" as a world currency "crashed" and had to be rescued by emerging economy countries like China. As the trust on dollar has slumped there are demands for an "alternative" new "Global Reserve System". There is a South East Asian group project known as "Chieng Mai Initiation". The ten member South East Asian Nations, China, Japan and South Korea (know as the ASEAN plus 3 group)already embarked for a creation of $120 billion currency pool to which China and Japan would both contribute $38.4 billion from which smaller countries could borrow. This is a significant step towards creating an Asian IMF the proposal emanated after the 1997 financial crisis but blocked by the U.S. which did not want to see the IMF's role diminished. Combined with this is the Asian Development Bank which met recently in Bali and stipulated 200 percent increase in Bank's ordinary capital resources and speed up disbursement from its soft loans for the poorest countries. The close link between ASEAN +3 initiative and ADB is to create an economic surveillance mechanism.

China has also entered the Latin American countries with closer bilateral

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agreements for trade and economic development. China's agreement with countries like Argentina is to deal with using "Yuan " rather than U.S. dollar. This is a step in Yuan becoming a tradable internationally accepted currency . This is not only South-South cooperation but also multi-polarity in international relations. Both China and India are deeply involved in multifarious activities of development in African countries including trade relations . Both China - Africa Summit and India - Africa Summit are huge steps in South-South cooperation. In this context it is essential to mention here that on the initiation of the Non-aligned Movement Asian - African Sub - regional organizations conference (AASROC) was held in Bandung ,Indonesia on 29-30 July 2003 to establish a new strategic partnership and was officially launched during the Asian-African Summit in Indonesia in 2005.

India was a pioneer in reaching to the African and Asian countries after independence in 1947. Despite their own huge poverty, large number of scholarships, were granted to the African and Asian countries for students to pursue studies in Indian universities. This number has increased and continues even today with more diversified disciplines to include the scientific and technogical achievements of the modern world.

Apart from providing scholarships, there are regular educational exchanges between South countries including China. While trade relations are getting more intensified, restoration of old silk route under modern conditions has been stipulated. In addition enormous funds are extended jointly for the revival of great centres of Excellence in India such as the ancient Nalanda University and in Indonesia, Gajamada University. Both are ancient institutions which attracted scholars from different parts the world in the past, the revival bring the diversety of cultures together for co-existence. There is a project to resurrect the Aramaic Language spoken by Jesus Christ, in Syria, which is now spoken by over 8 thousand people.

At the 14th NAM Summit in Havana, Latin American countries have stipulated their experiences in South South cooperation where Cuba and Venezuela have played dominant role. Cuba's success in training large number of medical personnel have become a boon to the Latin American countries, since she has been able to provide hundreds of thousands of medical doctors to the needy countries. Cuba has provided over 17,000 doctors to Venezuela alone where they are spread over the remotest area, including elimination of tropical diseases and restoring eye sight. This co-operation had enhanced with establishing new institutions to widen the benefit to larger population in the region. Venezuela also setup a project to provide cheaper oil to most needy poverty stricken countries in Latin America, Venezuela also initiated the establishment of a South American Bank and not to depend on World Bank.

Agriculture is the main occupation of the majority of the people in the South. But the traditional agriculture has been affected by the intrusion of MNCs. With the introduction of hybrid seeds and use of chemicals, traditional agriculture was destroyed. The fertility of the soil and water resources were poisoned. The most harmed section were the 300 million indigenous people who lived by land for

generations. Now the, have come together in unity to reclaim their lost rights including protection of rain forests, soil and re-energising traditional crops. Their battle is an uphill task as the multinationals are provided more incentives including agricultural subsidies by the developed countries, in order to patent and monopolize varieties of grains and crops. The seed monopoly of the transnationals have affected farmers adversely and unable to pay their debts 160,000 farmers in India have committed suicide since 1997 according to Indian environmentalist Vandana Shiva. There is a growing solidarity among indigenous people in organic farming and seed protection to prevent green house effect and climate change.

South countries need to mobilize strongly as neither G-7 nor G-20 represent the world specially those who are most vulnerable. Firstly the U.N has to "regain a pivotal role in this Global Development Architecture". Many agree that "the commitments made during he G-20 Summit in London to increase resources of the World Bank and International Monetary Fund will only re-inforce the sidelining of the United Nations system in the Global Development Architecture". The vast majority of developing countries were absent from G-20, hence it lacks international legitimacy. It is to the credit of NAM that it strongly advocated the central role of the U.N. which provide a congenial atmosphere for South-South co-operation. The vision of the present president of the U.N General Assembly Father Miguel D'Acosto – Brockmann paved the way for setting up of the Stiglitz Commission which enunciated a new approach to overcome the capitalist financial crisis. The Stiglitz commission of Experts has proposed the development of a Global Economic coordination committee. It also made recommendation to restructure the international financial institution providing more incentives to the developing countries.

The civil society in the South are also deeply concerned about good governance as an important criteria for effective South-South cooperation. In this regard building a democratic society is the legitimate aspiration of the people. AAPSO has highlighted this aspect at all the NAM Summits and also in the Ministerial Meetings. Democratization is not an end itself. Hence democratization should necessarily be associated with social progress. Political and civil rights should go along with the economic, cultural and social rights of all citizens.

Democracy cannot be imposed from outside. It has to be evolved within the country. Nevertheless the civil society has a responsibility to educate and enlighten the people. At the same time South-South co-operation provide inspiration by learning through the neighbors. It also helps for good governance by using pressure against those authoritarian rulers who wanted to remain in power until death, defying the mandate of the people. Such arrogant rulers not only ruin the countries but also ultimately themselves as we had seen both in Africa and Asia. The liberal democracy which the Western countries bent on pushing on the South is facing tremendous difficulties. Moreover it has failed to provide a fair deal to the multifacted forces in Society and globally.

Speech of Dr. Ahmed Ali Ibrahim*

Mr. Chairman of Session,

Ladies and Gentlemen,

It seems to be rather out of date to talk about the Non-Aligned Movement in the world of the sole power. We feel that we need to have rather, a new title in a world built on some criteria, different from those of the age of conflict between the two poles or when the one pole dominated.

Certainly on considering the world crisis, the South-South co-operation seems to be one of the most important pivots to bolster the common notions of the Non-Aligned Movement.

Since the 90s of the past century, the world has passed though a chain of incidents and contradictions including:

- The US, Europe and Japan axis
- Emergence of some new powers like China and India
- Emergence of the Asian Tigers
- Dissolution of organizations and states based on some ethical basis
- Emergence of Germany-France axis
- Accentuated regional conflicts and ethical-strides in Asia, Africa, and Europe.

It seems that the world is being re-formed as a multi-polar world. The world financial crisis has shattered the biggest world economies. The repercussions are still hitting worldwide.

Hence, South-South co-operation and formation of economic blocks must be viewed through common notions to contribute to having the multi-polar world.

The South countries' main characteristics are:

- Rising poverty rates
- Lower levels of education and dissemination of illiteracy.
- Dissemination of fatal diseases like AIDS
- Accumulation of debts and dissemination of corruption
- Sharp social contradiction and expanded terrorism

All these phenomena, and more, put the South peoples before some historical assignments that could be managed through co-operation based on mutual benefits

* Iraqi Council for Peace and Solidarity.

in regional blocks.

The South states and peoples must stand united to have enduring peace and security. Besides, they must work for solving disputes through peaceful means and dialogue. They should also manage contradictions via resorting to human rights principles.

Additionally, our peoples are responsible for having tension in several areas foremost of which is the Middle East.

Activated solidarity of world support and democratic powers with the Palestinian people to put an end to their suffering and install their Palestinian state would create a new environment and open horizons of regional and international co-operation.

The Afro-Asian Peoples Solidarity Organization could, undoubtedly, play a prominent role in affirming solidarity with the Palestinian people as well as the development of regional cooperation in different parts of the world.

Speech of Mr. Moustafa Shenikat*

At the outset, I would like to express my thanks to HE the President of AAPSO and HE the Secretary-General for extending the invitation for participation. I also extend my thanks to all the staff of AAPSO.

We are talking about a very important issue, and unfortunately, I was not put on the agenda, neither I learnt that I am going to take part in this meeting. However, I heard today a lot from the distinguished speakers as they explained their diagnosis of the crisis which the world is facing now and its repercussions on our third developing world. In fact it is regarded as the biggest looting operation in history by the rich of the poor. Notably, the capitalistic economic crises is not something new, but these countries have the ability to export their crises. There was the crisis of 1907, the economic crisis, and I am going to talk about our Arab region which witnessed the First World War which was followed by Balfour Declaration which emphasized the existence of cancer in this region. Then came the crisis of Sykes-Picot. This is what we got from the crisis of 1907. The crisis continued until the global crisis of 1929 which was followed by the rise of Fascism and Nazism which fell by the end of the Second World War. We convened Bandung Conference and declared that independence. But the capitalistic crises followed in succession since the 70s, and we paid the high price after the collapse of the socialist system and the Arab solidarity.

The crisis, however, started to escalate on the ground with no political will. It subdivided the divided, looked for the contradictions in our Arab region and turned us into a moderate stream and an abstaining stream. There are also the two Israeli and Iranian programmes. And we are running after that blind unjust policy. The worst in this economic crisis is not the poverty or the suffering, but rather the collapse of values as a result of consumption and the dominance of the individual mentality in societies. We are talking about the political will, but what is more important is the weakness of the public will. It led to the existence of some values and classes that are related in some way or another in the whole developing world, as there are some political groups who have their own interests. I agree with many of the distinguished colleagues that this crisis will last long, and that the centre is exporting it, and who pays the price of this brutality is those peoples who do not own their will. We speak too much about the south-south cooperation , but this has never been clear in the voting of G77 meeting in which the role of NAM has come to an end. Here the role of the organizations , especially popular solidarity ones, is significant. And that is what we will be speaking about in Sharm El Sheikh : what do we say? and what do we want from the NAM countries? . The first issue to address is the freedom space and

* Vice President - Jordanian Committee for Peace and Solidarity.

creating a real democratic climate. This is due to the fact that whatever we spoke about the structural reforms without democracy and observations , the pressure practiced by the IMF in third world countries will go on. The result is that peoples paid the price . So, what we need is political reforms , democracy and giving the people the chance to play one of these roles.

what we need is a popular renaissance. Capitalism in the west has now the ability to help peoples because it is built on the economy we spoke about. Meanwhile capitalism in our systems is commercial or a "chaotic capitalism" based on selling the general sector ;as a result it is not concerned with producing sector. It became a must to hang those traders who deformed the national economy and the real economy of the developing world. Consequently they destroyed the elimentry agricultural sector and the food crisis became horrible. In addition, the rise in the prices of bread and petroleum and the collapse of the international stock markets cost us the collapse of all the world stock markets. I think that the capitalist world is the reason behind all these crises despite that huge quantity of blesses and luxury this world is enjoying . This dark face is the reality of profiting from making use of humans. We are using a revolutionary language these days and such issue could not be tackled this way. What we need in this stage is to have a strong people movements working for the necessity of the a co operating atmosphere in the south. It is very optimistic to see the promising countries like Venezuela, China, and India. But it would be better to have centers and organizations for protecting the third country world and the NAM countries.

Thanks

Discussions of theThird Session

Mr. Nouri Abdel Razzaq

Thanks to Mr. Vidya for his contribution as he explained to us historic points concerning the trend to hold south-south cooperation whether on the continental or international level and the role of China and India like Bandung and in the Conference of Asian Relations held 1947. all those attempts were initiated by some countries and public movements on the level of one continent at first and then on the level of the other continents.

Dr. Moustafa Ahmed Moustafa.

The real analysis of the south-south co-operation should be built on the concept of the economic continental pattern in North America. It is a very clear point. However it doesn't receive any attention in the South. But I am following all of its summits and their goals because south is their backyard and is considered as their market of primary materials. Regardless of the progress achieved by Latin America as a special model , the matter is worth attention of the Non-Aligned Movement. The second clear model is the price paid by the ex-eastern Europe with all the achievements of the days of the Soviet Union. Enlarging the European Union in such way should be analyzed from the part of the south-south. This analysis should include cost analysis and return analysis. In this issue we have an intellectual crisis in recognizing matters.

There is a more dangerous point I want to refer to before leaving the continental concept; it is to have an economic, military , and security alliance. This is clear in the case of the NATO and Australia ,Netherlands , and the US. Such alliance changed the world map. If we moved to speaking about dialogue , we would remember that every African country was occupied by a European one. French-speaking countries can be well made use of in the in the frame of the Non-Aligned Movement and in an Asian African dialogue. Other countries have full expanding programs like China.

Finally , the new models attempting to capture larger markets like China , Arab , Asian and African countries support confronting the current crisis . I repeat: there is still hope and we have an encouraging model in Latin America , China, etc. The important question now is it possible that such models can effectively and positively change matters? Are not we capable of coordinating this rapprochement in the face of the economic continental cooperation in the light of the danger of not understanding or appreciating its potentialities before they get fiercely swelled.

Thanks

Dr. Mokhtar Ayash

In fact, we have been speaking about an extremely important topic all over three sessions. But, another significant topic should not be discarded out of our discussions. Moreover, I consider it the most important one. It is policy or the political project. We can never speak about an economic problem in separation of the political project. Looking at the political project in our Arab region or in the Middle East region or even what is called Non-Aligned countries, we would find that we miss a political project specially in the last decade or say the last 15 years. What we find in the arena is an Israeli project and an Iranian one. We may also find a Turkish one. Although the external form of such projects is political, these three projects are deeply economic in a way or another. Why do we speak about these matters as long as we do not have a political project in our Arab region? We also notice a very perilious point, not separated from the economic topic w e pointed to; it is that most of our problems have the same feature of internationalization. Just like the issues of Palestine, Lebanon, Somalia, and Mauritania. The Palestinian issue, for example, has became now an internationalized one, aside from the Arab Symbols. If we considered the Syrian – Lebanese file, we would notice to what extent it is internationalized and its repercussions reached the International Criminal Court. This issue started as a political one and ended as a semi legal one. Concerning Sudan, we find that Darfur is in the first stance is political, turned into an economic problem. And if we pondered what is laid on the scene concerning the petrol reserve , we would recognize the international role in this issue. So, we can speak about how to reach a political project enabling us to unite in an economic project between the Arab countries, between the south countries, or between the countries of the Middle East regions in general. Can we end our Diaspora or everyone is concerned only with his interests? We find a Saudi project and another Egyptian one. Both are separated from each other. And, in a great Organization like that we are in, we have to get out with a project or recommendations to the political leaders in order to have an economic project to rescue our nations from looting our Arab wealth's and specially the petroleum.

Thanks

Mr. Helmy Shaa'rawy *

Thanks, Mr. President. we are to put a certain form about the south countries, we should not think about discrimination problems between these countries. Such a problem could not be solved except with political intellect from the part of the political elite . I should give you an example of the start of Bandung which resembles the beginning of the movement between the south countries. For all of us, Bandung is the symbol of the beginning of co-ordination in the frame of the National Liberation Movement against Colonization after World War II. So, we still have Bandung spirit

* Arab and African Research Center.

as we call it till now. I mean to answer this spiritual need in the beginning we should let down the discriminations in Asia, South Africa, and Latin America. I am not speaking about an ideal model, but it is the reality in Bolivarian Latin America. We can find today and, without any kind of embarrassment, leaders and political movements declare that the Bolivarian Movement is a liberation movement in Latin America against North America and the American Imperialism. So, it is possible to remind ourselves of the different areas of these movements. Most of the cultured men have the sense of the possibility of this , however they feel some pillory of that.

So, I hope that there would be any reference in any of the statements that the blocs that once were allowed to be formed due to certain circumstances like the Arab-African Cooperation . In this respect, we , the intellectuals want, to remind of the possibility of having a kind of democracy in the south countries. Starting with the Arab- African Co-operation, I would like to remind you of the main report issued in late 1970s and the report issued in late 1980s about the great crises. We are in a similar crisis and need such statement, but the south countries have their reports and statements. I hope a group of cultured and intellectuals to be formed in the research center to declare the African Asian solidarity can help exploring the problems of the groups; either the Arab African or any other one. I wish this would be in the mind of the African Asian Work in the coming stage. I think Non-Aligned is a general slogan, but it does not give so much.

Mr. Nouri Abdel Razzak

Thanks Mr. Helmy. In fact, you have underscored very important points. I reviewed Bandung Conference 1955 and studied its works. There were wide differences. For example, the Iraqi view was reflected by the then minister Fadel Gamal who refused the idea of the non-aligned. His loyalty was for the west and the western camp. Regardless of our support or difference with those leaders, they had strategic thinking. I mean they know well the limits of the difference from others and the limits of the movement. Although the differences, Mr. Helmy referred to , the statement was unanimously approved. Out of this concept , the European Unity was born and reached very advanced stages. Now Europe is almost one country and has a unified currency despite the so many struggles between the European countries on Agriculture and other issues. We need charismatic leaderships who have strategic views. But, we have the catastrophes of parties and Emergence. Consequently, we need a comprehensive revision. I mean the fronts formed in late 50s ,60s,and 70s. And you know the struggles between the members of these fronts. Despite these differences the Unity item gathered us. So, I completely support you in these points. But to achieve them , it is not an easy mission.

Mr. Samir Moustafa

Thanks, Mr. President. In fact, I want to confirm that the presence of the G-20

firmly assures that this is the collapse of the financial hegemony of the United states of America , just like how the mystery of the military superiority was proved to be fake in Iraq and Afghanistan and its failure in stopping the nuclear advancement in North Korea and Iraq.

As usual, to arouse the awareness against perils and threats, of the whole world, and the southern countries specifically , this may take long decades. This happened before when the world waited for 20 years (1972-1991) to make the world recognize the danger of the human interference in our weak environment in Stockholm 1972. It seems we need log decades also to make the southern countries aware of the perils surrounding them. I will give an example with some of the documented facts in the American "International Affairs" Magazine. In these documents, you'll find that the US and its allies are keen to explore the points of interruption in these countries specially that of ethnics and troupes. The clearest example on this is the continuous thinking of the triangle of Egypt, Sudan, and Libya. The US looks at that angel as a very promising one due to the considerable human resources in Egypt, earth wealth in Sudan (200 million reclaimable feddans) , and the capital from Libya. If such triangle is well made use of , this would help solve food crisis in this region. But the efforts to hit Libya first in addition to the struggle in the south and the conflict in Darfur, reform the triangle. All of this is mentioned in the documents I have. In fact, I think that it is necessary to create the awareness of the south in order to face the threatens, including the water problem. Few days ago , I heard one of the South Sudan leaders speaking to "Al Jazeera" channel saying that in case the separation between the north and the south of Sudan , the issue of dividing water between Egypt and the Southern countries would be raised once again. Upon the new rules, there are some hidden conflicts are being heated up without any attention paid to these questions. For example, we can see this problem in Somalia, Eritrea, Mauritania. So, we have to develop a mechanism to end the African conflicts and shedding the light on the perils threatening the southern countries. It may be an institution for the solidarity between the African and Asian peoples.

Thanks

Mr. Nouri Abdel Razzak

The points you mentioned are very important. We need to have full awareness of the surroundings. In the end of this session, we will try to issue the discussions and works of the seminar . I think the dialogue was reach and enriched our ideas. I think also that what you said even from the different points of view is in need of more deeper debates and forums , so that the intellectuals can play their role. In this stage , we have many issues to be re-estimated . We have to go back to our principles that may guide us forward to in a certain stage.

Thanks

Round Table

The prospects of the development of Solidarity Movement within the present international context

Chairperson: Mr. Nouri Abdul Razzak Hussain

AAPSO Re-orientation to face New Challenges

The 8th Congress of AAPSO was held in December 2008 after a long gap of twenty years. During these two decades we were witness to enormous changes in the world, which in turn had profound impact on the Afro-Asian Movement. It was therefore imperative that the 8th Congress re-orient itself in keeping with the multifaceted challenges emerging out of new geo-political situations.

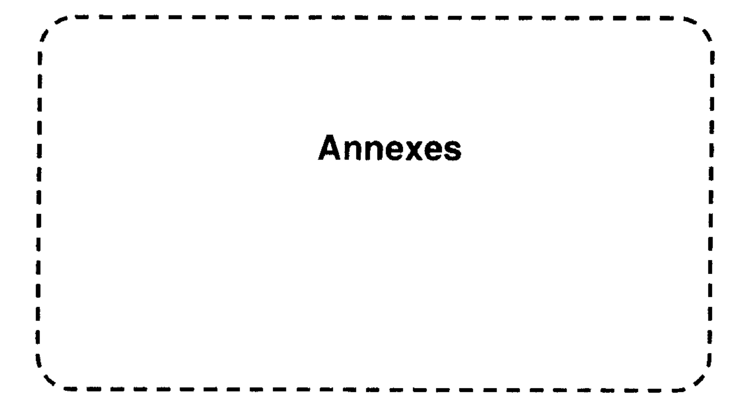
The old structure of AAPSO was basically a conglomeration of representatives elected from the National Committees in respective Afro-Asian Countries. Most of the national committees, especially in Africa, were national liberation movements transformed into ruling political parties; thereby their policy stands were identical and in conformity with the respective governments. This tendency did not provide for the autonomy of national committees. But this has changed. With the ever-expanding role of the information technology, various civil society groups with independent thinking have come to occupy the space for public debate. This has proved helpful in developing dialogue and interaction cutting across different views and seemingly contradictory political thoughts, thus enriching the outlook of AAPSO.

We have noted from our own experience that it was only in South Asia that national committees formations were based on the principle of independence from the ruling political party/ coalition. This spirit had emerged from the Bandung principle for developing peoples' movement to provide a critique of the governmental policy and make the civil society able to serve as the watchdog and provide necessary checks and balances.

Through its diverse experiences, AAPSO has found that the solidarity movement can't and mustn't be confined to the narrow limits of national committees, since the diversity of civil society provides emergence of various institutions lead by the enlightened section of the society. AAPSO extends its hands and reaches out to such civil society organizations/ institutions to be part of the movement with a view not only to enlarge its scope but also to contribute in a better and richer manner. We are cognizant of the fact that the wide-spread use of the internet and other modern tools of communication our message can now be reached to a greater number of people who could now connect with us.

AAPSO is an integral part of the Non-Aligned Movement, and in that capacity it is rather duty bound to enrich NAM by meaningfully participating in the thought process. Accordingly, AAPSO has made its contributions to the NAM at various for a from time to time such as in the domain of diversity of culture in the Ministerial Conference held in Teheran, South-South co-operation in Malaysia, and Asia-Africa Summit in Jakarta. AAPSO also has time and again pointed out at the NAM meetings the need of enlisting the support of civil society organizations, so that democratic norms could be implemented in the governance of respective member countries.

It is our considered view that a departure from these norms will only give rise to corruption; result in continuation of backwardness and prevent proper development in all fields including Education, Health, agriculture and food security, infra-structure and transport etc. We also once again reiterate complete disarmament to be the top priority, procurement of arms needs to be kept at the minimum for security needs only. Last, but not the least, the policy of the state needs to re, peaceful and just society. (The End)



Annexes

Annexes

Paper presented by Angel Dalmau Fernandez*

SOME WORDS ON SOUTH-SOUTH COOPERATION

Thanks again to AAPSO for attracting our attention towards such important issues as the ones implicit in the title of this seminar: "The World Financial Crisis on NAM countries, South-South Cooperation". I will focus on the second issue.

South -South cooperation is a long standing aspiration by countries that we identify with the name of Third World. We can see this through few but essential examples: the beginning of the Arab League in March 1945, then with only 6 countries and now 22; the never to be forgotten Bandung Conference in 1955 which marked a relevant historic episode of afro-Asian solidarity and the unanimous decision of condemnation of all sorts of colonialism.

Today we look around us in the world and realise how much we, countries of the South, do need to keep alive the spirit of Bandung even though colonialism is no longer present, except for few cases. Today, social and economic inequalities between rich and poor countries or peoples are even worse, and the need for the people of the South to unite ourselves in order to conquer all our rights is as present as then, in 1955.

As we all know, NAM Movement came into being in 1961 in Belgrade and with it one of the most important efforts of South--South cooperation. Those in the so called North saw this Movement as a threat to their selfish ambitions and have since then worked against the crucial element of NAM to be really powerful, namely: unity. And unity at all cost is what NAM needs more.

Following the same trend of South-South cooperation, the organization of African Unity was created in 1963. In 2002 it became the African Union and is Keeping up its efforts to transform itself into a body that will be able to protect the best interest of the African Continent, in what we hope might be one day an exemplary case of South-South cooperation. That day may look far away, but everything depends on the political will of the nations involved to reach the desired objective. Big problems conduce to big solutions, and the present financial and economic crisis of the capitalist system is a very big problem for the world at large: rich and poor.

The G-77 and China emerged in 1964 as a logical political conclusion of UNCTAD.

* Ambassador of Cuba to the Arab Republic of Egypt

And this Group, together with NAM, the AU, the Arab League, the Union of South American countries, the Bolivarian Alternative for the Americas (ALBA), Caricom, as well as others bodies of the South, do have the potential to become a formidable force if they could really get their acts together into integral South-South cooperation.

It is the North that needs the South more, not vice versa.

Nearer in time, examples of South-South endeavours for cooperation are: the creation of ASEAN in 1967; Organization of Islamic Conference in 1969; the ANDEAN (South America) Community also in 1969; Caricom in 1873; UNASUR (Union of South American Nations),2008, etc.

The first South-South Summit took place in Havana, Cuba, in 2000. Delegations from 132 countries attended and the Havana Programme was adopted with the essential aim of improving cooperation among countries and peoples of the South.

Judging from these few, though relevant, examples it is not difficult to associate them with the need imposed by life itself to do something in favour of such cooperation, a cooperation not tied to selfish economic and financial conditions, or guided by political ambitions which are always present when South countries deal with those of the North. There may be exceptions to this rule, but exceptions do exist only to prove the rule.

It is understandable that co-operation among South - North cannot be excluded; however, our thinking goes in the direction that South--South co-operation should be a priority for our countries, not only a wish or a declaration, if we really want to one day liberate ourselves from the unjust economic, social and political yoke imposed on us by the Rich North, in a world that has become more interdependent than ever before.

For some countries of the South, Cuba amongst them, South-South co-operation should be the main alternative to sustainable development, and not simply an imperative to complement North--South co-operation. To accept that North-South cooperation is fundamental to our interest would mean accepting a fatal destiny for the South, of always being treated as second hand nations, when in reality we of the South have all the potentials needed to become a tremendous force capable of overcoming the biggest challenges. What we need towards that end is, first, political understanding of our real gigantic potential and, second, the political will to move decisively and united in that direction.

The total collapse of neo liberal policies imposed during decades by the richest North on most South countries indicate to us the need to look somewhere else in search of development; that, perhaps being not enough proof , we have now seen the tremendous shaking up of the capitalist system. Less than 20 years ago the disintegration of the USSR and the end of the European socialist block was claimed by capitalist ideologues as the end of history.

What can those ideologues say now on the presence of famous huge banks and companies going bankrupt in such a manner and speed that they cannot properly

understand and even less stop?

The market, accepted by many as the most powerful god of societies, has suddenly become the object of government interventions in the USA, heart of capitalism, and in most rich nations. Their economists have been working around the hour trying to find solutions, to no avail.

The capitalist system will not collapse totally for now because there is nothing waiting to replace it. But the social and economic selfishness implicit as backbone of this system, as well as its crazy and abnormal consumption habits, is doomed to perish. Or humankind will perish. One day we will have to choose between the two, and anybody can evidently guess that humanity will not choose the worst for itself.

Then, a more humane, sensible, sustainable, alternative social and economic system will emerge as the solution: a new kind of socialism. There will be no other way out.

Thank you

Eng. Saad Al-Tawil*

Agriculture in Egypt vis a vis the World Financial Crisis

Throughout the 50s decade of the last century, the Egyptian per capita share of cultivable land yield totaled almost half feddan. However, that went down to less than a quarter of feddan nowadays. Similarly, the Egyptian per capita share of the Nile waters went down from around 2200 cubic meters/annum to an annual per capita share of nearly 840 cubic meters; that is to say less than water scarcity line (1000 cubic meters annually). Noteworthy that since building the High Dam, Egypt has been using nearly 70 billion cubic metres of the Nile waters/annum. In other words, we utilize some of the Sudan's unutilized share of the Nile waters. However, the Sudan would, eventually, demand its full share of the Nile waters.

Mandatory agrarian cycle had been applied in Egypt up till the seventies of the 20th century. That meant growing multiple crops in the cultivable land (cotton, wheat, corn, rice, sugar cane, clover, beans...etc), which guaranteed providing the basic pre requisites and crops for export; yet while caring about land productivity through avoiding to grow exhausting crops on consequent bases. Instead, food crops; such as clover and beans, were grown internally. That system was applied even before 1952, or Abdel-Nassir era . It was even applied in Al-Jazeera project in the Sudan.

Nowadays, due to ferocious international competition with the western and cereals producing countries such as the USA, Canada, and Australia that sell cereals with prices rather lower than that of production in Egypt – owing to full mechanism –, we may be required to stop growing wheat and maize and move to growing strawberries, Asparagus and flowers for export to Europe. The government has actually started to apply that policy. It no longer fixes price of wheat in advance. Thus, farmers have stopped growing wheat. Even those who took up the adventure were given, rather, unfair prices. Meanwhile the Minister of Finance has declared downgrading subsidies share in the new budget as a result of lower wheat prices worldwide. That means dependence on wheat import. There may be no harm in making subsidized bread, for the poor, out of non-standard wheat brought in by some importers!!

The same goes for sugar. Beat growers have not been given the full price of what they had already provided to the Sugar Company whose stores are filled with accumulated sugar produced in Egypt. Meanwhile the market over there is full of imported cheaper sugar brought in by big importers. May Egyptian farmers and producers then go to hell !!

Even in case of cotton, the first crop for a long time in the past; farmers have

* Engineer and translator.

stopped growing it due to competition from the US cotton whose producers are given $4 billion subsidies annually.

Farmers rush for growing rice due its high market price compared to wheats; albeit one ton of wheat needs only one-third of the water needed to produce a ton of rice.

In conclusion, the policy currently adopted by the government, to follow up directions of the International Monetary Fund and World Trade Organization, would lead to an inproper agrarian system and lack of food security all around the country. None has told us where to find resources to import the food needed. Meanwhile our industries suffer from rather broken equipments due to lack of maintenance or innovation ever since privatization and restructuring policies have been adopted. The government has then stopped adopting productive investments. The private sector has, meanwhile, stopped expansion save in cement industry (almost monopolized by foreign producers), ceramics (which contaminates the environment), and motor car assembly factories which are totally owned by foreigners.

Now, how about half the population over there in the countryside? 27% of Egyptian manpower are small farmers and field workers Will they immigrate to Europe? Or shall we let them escape in old perished boats to have their end up as food for fishes in the Mediterranean? Or should we push them to leave for the Gulf countries (so did the late Sadat) not to mention the impact of the world financial crisis over there?

The solution, then, is to keep our agricultural economy away from the international market. Fortunately, Doha round of WTO talks failed due to the 3rd world countries rejection of the super powers demands. We must stick to our stance even if it is against the Organizations.

Then we should have enough area of land to produce wheat and maize to satisfy at least 90% of our needs. The government must pay farmers the prices that would cover real costs with a reasonable profit margin.

Besides, the area cut for rice must cover more than the local consumption with a certain quantity for export. Well, we must have some sort of balance between the income of rice export and cost of water used in rice production. We must bear in mind that we, in fact, export an important means of resources, namely water. We must stop being subject to world market prices of products and crops notwithstanding different production auras in different countries. Case im point, rice production in South and East Asia is dependent on heavy rains that, mostly, submerge lands.

As for our needs of sugar, we must concentrate on producing beat as it needs only 40% of the water needed to produce sugar cane. However, we cannot ignore sugar cane production completely. In Qena, for instance, there is a factory for making paper our of sugar cane refuse. It is not reasonable to close the relatively recently built factory. So, we should continue using 250,000 feddans, only in Qena governorate, to grow sugar cane in order to go on producing paper and sugar over there.

Meanwhile beat growing is under expansion in Kafr El-Shiekh governorate where suitable factories have been built. Besides, we may grow beat in Menia as all

factories there should be kept running and be modernized so as to use beat.

To control and protect cultivation we have to regain the mandatory agricultural cycle and stop the absolute freedom system which was first introduced by the late Sadat. On the other hand we should have some sort of ceiling for agrarian rent prices which have been doubled almost 20 times (Dr. Kishk, Cultural Challenges)since imposing the Agrarian Reform Law during the 90s. Noteworthy that high cost of production is the reason behind the lack of competitiveness for our agricultural products worldwide.

Last but not the least, paramount attention should be paid to industrialization as the only means of employing surplus manpower in the countryside where we find shortage of cultivable land and hitting lack of water. Continuously increasing population can be absorbed only via planned expansion of industrialization.

The private sector could not be relied upon to do that. The State must play a leading role in having some selective industries all around the Egyptian governorates in a way that would lead the private sector toward a directed process of industrialization.

Yet, Building up factories on the agricultural land should be completely prohibited. Also, yet factories building permits should be confined to desert land. We might establish a factory for making stones, agricultural products. and chemicals needed for agriculture in each one of Upper Egypt governorates along a cross sectional line in the desert. Expanded industrialization must come in line with building more houses for workers in the factories and providing more services too. Hence the current over-population or that resulting from modernization in the countryside could be gradually absorbed. Moreover, prices of fertilizers and chemicals needed for agriculture could be controlled after they had been increased by nearly 20 times over 20 years (Dr. Kiishk, the same previous reference). Notably we have a relatively big market where we could have economically successful industries.

Besides, scientific research should be paid attention so as to produce modified seeds and crops that can face salinity and need lesser water for irrigation. The late Dr. Ahmed Al-Mostagir has gone far in producing such seeds though he has stopped his work at present. Our scientific research institutions are currently conducting field experiments using the genetically modified seeds for the sake of some US companies.

To sum up, a comprehensive and absolutely self-independent national development policy must be adopted. That may help us save our country the repercussions of the world financial crisis, with more attention to be paid to cooperation with the other Arab countries and similar countries in the Southern hemisphere.

Time Table

First Day: Monday 18/5/2009

9,30 - 10,00	*** Registration**
10,0 - 11,00	*** Opening Session** * Speech of AAPSO President Mr. Ahmed Hamroush * Speech of H.E Foreign Minister * Speech of Secretary General, Mr. Nouri Abdul Razzak Hussain
11,00 – 11,30	**Coffee Break**
11,30 - 1,30	*** First Session** **The Impact of the World Financial Crisis on The Economic and Social Development of NAM Countries** - **Chairperson:** Dr. Hassan Meki, president of Yemeni Council for Peace and Solidarity *** Speakers:** * Dr. Saad Hafez - National Planning Institute * Dr. Sultan Abu Ali - Professor of Economics - University of Zagazig * Dr. Beshir Kurfi - Department of Business Administration, Institute of administration, Ahmadu Bello University – Nigeria *** Discussion**
1,00 - 1,30	**Coffee Break**
1,30 - 3,30	*** Second Session** **Facing the Challenges of the Crisis and how to manage it by NAM Countries** - **Chairperson:** Mr. Ghassan El Shaka'a, president of Palestinian Committee for Peace and Solidarity *** Speakers:** * Mr. Abdul Jalil Al Noaimi, Bahraini Committee for Peace and Solidarity (under establishment) * Dr. Ahmed Ibrahim, Iraqi Council for Peace and Solidarity

	* Dr. Mahmoud Abdul Fadil - Professor of Economy - Faculty of Economics and Political Science - Cairo University *** Discussion**
3,30 - 4,30	**Lunch**
4,30 - 6,30	*** Third Session** **South-South Cooperation and its role in Strengthening NAM Movement** - **Chairperson:** Mr. Nouri Abdul Razzak Hussain – Secretary General *** Speakers:** * Mr. E.A.Vidyasekera, Coordinator of Permanent Secretariat * Dr. Ahmed Ibrahim, Iraqi Council for Peace and Solidarity * Mr. Abdul Jalil Al Noaimi, Bahraini Committee for Peace and Solidarity (under establishment) * Dr. Mostafa Shonaykat, Jordanian Committee for Peace and Solidarity *** Discussion**

Second Day: Tuesday 19/5/2009

10,30 - 12,30	*** Roundtable** The prospects of the development of Solidarity Movement within the present international context - **Chairperson:** Mr. Nouri Abdul Razzak– Secretary General

List of Participants

1) Egyptian Foreign Ministry:

- Ambassador Khaled Elbakly- Deputy Assistant Minister of Foreign Affairs.
- Mr. Mohamd Hassen Fargaly - Second Secretary

2) Diplomatic Corps:

1) Embassy of China
- Mr.Zui Ban – attaché
- Mr. Zui Biao – attaché

2) Embassy of India
- H.E. Swamy Nathn - Ambassador

3) Embassy of Russia
- Mr.Nicolai Evistratov – First Secretary
- Mr. Vladimer Costantine - attache

4) Embassy of Venezuela
- H.E. Victor Carazo - Ambassador

5) Embassy of Cuba
- H.E.Vladimer Gonzales Csada - Consultant

6) Embassy of Columbia
- H.E.Golermo Vanigas – Ambassador
- Mrs. Luisa Trogelo – Ambassador assistant

7) Embassy of Zimbabwya
- Mr. Tishava Victor Howasha – High commissioner
- Mr. Baytrish . H. Mocono - Consultant

3) Committees:

1) Jordan

Jordanian Committee for Peace and Solidarity
- Dr. Moustafa Shenikat – Vice President

2) Bahrain

Bahrain Committee (under Establishment)
- Mr. Abd El Jalil Saleh Al Na'eme - Director.

3- Iraq
Iraqi Council for Peace and Solidarity
- Dr. Ahmed Ali Ibrahim, Secretary General

4) Yemen
Yemeni Council for Peace and Solidarity
- Dr. Hassan Meki -Presidet.
- Mr. Aly Lotf Al-Thour-Vice President.

5) Russia
Russian Organization for Afro-Asian Solidarity and cooperation.
- Mr. Kim Koshiev – Vice President

6) Palestain
Palestinian Committee for Peace and Solidarity
- Mr. Ghasan Alshaka'a – President

7) Egypt
Egyptian Solidarity Committee
- Dr. Helmy El Hadedy
- Dr. Samay El-filaly
- Ambassador Moheb El-Samrah

8) AAPSO
- Mr. Ahmed Hamrouch, President
- Mr. Nouri Abdul Razzak Hussain - Secretary General.
- Mr. E. A. Vidyasekera -Sri Lanka Representative - Coordinator.
- Mr. Julien Randriamasivelo- Madagascar Representative.
- Ambassador Saeed Kamal- Palestanian Representative.
- Dr. Fakhry Labib – Head of Information Section.
- Miss Maha Sallam - Rapportur

4) Researchs Center and Association

1- Arab Lawyers Federation:
- Mr. Gamal Omar – Political researcher

2- Kurdistan National Union
- Mr. Hazem El youseefy -Cairo representative of the Kurdistan National Union .

3- Arab Association for Economic Researches.
- Dr. Mohamed Samir Moustafa

4- Euro Egyptian Council
- Dr. Ra'afat Khaled - Member

5- Arab Center for Political and Strategic Studies
- Dr. Mokhtar Mohammad Ayash – Vice President

6-Arab and African Research Center
- Mr. Helmy Sha'rawi -Director.

7- Institute of National Planning
- Dr. Sa'ad Hafez – Professor
- Dr. Aziza Ali Abe El Razzak- Consultant and director of over all policies center
- Dr. Mostafa Ahmed Mostafa - Professor

8- Talal Abou Ghazala Group
- Mr. Ahmed Shehata – Responsible for Communication

9- Conselor office for minister of economic development
- Mrs. Noha Kamel – Economic researcher

5) Public Figures

1- Dr. Bashir Kurfi – Business administration department – Ahmed Ball University, Zaria - Nigeria
2- Eng. Sa'ad Al Tawil – Engineer and translator
3- Mr. Sultan Abou Ali – Economics Professor – Zagazig University
4- Mr. Shawki Galal- Writer and Translator.
5- Mohamed Fayak – Ex-minister of mass communication
6- Dr. Mahmoud Abdel-Fadil- Economics Professor – Cairo University.

6) Information

1) Al- Ahram News Paper:
- Mr. Amin Mohamed Amin – Vice president of Al-Ahram.
- Mr. Tariq El Sheikh - Vice Head Of reports And Foreign Investigations Section.
- Mr. Mohamed Ottman – Journalist.

2) El-Gazirh Net
- Mr. Abd El Hafez Al Sawy – Economic reporter.

3) Al Ra'ai Kwaiti newspaper:
- Mrs. Ola Badwi – Journalist.

4) El Wafd newspaper:
- Mr. Mohamed Adel – Journalist.

5) Aakher Sa'a magazine:
- Mrs. Hala Fouad – Vice president

6) Masr W Al A'alm newspaper:
- Mr. Hisham El Sherif - Editor

7) Amd Website:
- Mr. Hassan Asfor - Supervisor

8) Middle East News Agency:
- Mr. Ihab Abou Seif – Editing Director

7- Radio and Television:

1- Egyptian Radio and Television Union – News section
- Mr. Abd El Rehim Ahmed Abd El Rehim – Editor.

2- General department for Audio news Agents and Egyptian Radio:
- Mr. Abd El Rehim EL Malah – News Agent.

3- Al Boghdadia Channel:
- Mr. Hammam Mohamed Megahed – Cairo Reporter.

4- Al Gazeerah Channel:
- Mr. Ahmed Anwar – Journalist

5- Al Sharqia Satellite Channel:
- Mr. Ali Al Zobidy – Cairo Reporter.

6- Nile News Channel:
- Mrs. Engy Maher – News Announcer.
- Mr. Sameh Fath Allah – Director.
- Mr. Mohamed Ragaai – Camera Man.

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